DOCUMENT RESUME

ED 472 439 EA 032 262

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TITLE The Fiscal Survey of States.

INSTITUTION National Governors' Association, Washington, DC.; National Association of State Budget Officers, Washington, DC.

PUB DATE 2002-11-00

NOTE 68p.; For 1994 edition, see ED 390 108. For 1992 edition, see ED 353 655. For 1991 edition, see ED 342 075.

AVAILABLE FROM National Governors Association, Hall of States, 444 N. Capitol St., Suite 267, Washington, D.C. 20001-1512 ($25). Tel: 202-624-5300; Web site: http://www.nga.org/nga/1,1169,,00.html. National Association of State Budget Officers, 444 N. Capitol St., Suite 642, Washington, D.C. 20001-1512. Tel: 202-624-5382. Web site: http://www.nasbo.org/. For full text: http://www.nasbo.org/Publications/fiscalsurvey/nov2002fiscalsurvey-revisedC.pdf.

PUB TYPE Numerical/Quantitative Data (110) -- Reports - Research (143)

EDRS PRICE EDRS Price MF01 Plus Postage. PC Not Available from EDRS

DESCRIPTORS Budgets; Economic Factors; *Economics of Education; Educational Finance; Elementary Secondary Education; Expenditures; *State Action; *State Norms; State Surveys

ABSTRACT

Nearly every state is in fiscal crisis. A slow-growing national economy, a decrease in state tax collections, and a rise in health-care costs are three of the main factors that have created massive budget shortfalls, according to this report. The 2002 edition of this annual survey presents aggregate and individual data on the states' general fund receipts, expenditures, and balances. It reflects actual fiscal 2001, preliminary actual fiscal 2002, and appropriated fiscal 2003 figures for all states except Florida. Data were collected during fall 2002 and show dire fiscal conditions during that time. Key findings including the following: Medicaid spending grew 31.2 percent in fiscal 2002, the fastest rate of growth since 1992. Thirty-seven states reduced fiscal-2001-enacted budgets by more than $12.8 billion after they passed, 18 states more than the previous year. Two-thirds of the states reported expenditure growth of less than 5 percent in both fiscal 2002 and 2003. Sixteen states experienced negative growth during fiscal 2002. To reduce or eliminate budget gaps, 26 states enacted across-the-board cuts and used rainy-day funds; 15 states laid off employees; five states imposed early retirements; and 13 states reorganized programs. (Contains 10 tables, 4 figures, and 13 appendix tables.) (WFA)

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# The Fiscal Survey of States

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Price: $25.00

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# Preface

*The Fiscal Survey of States* is published twice annually by the National Association of State Budget Officers (NASBO) and the National Governors Association (NGA). The series was started in 1977. The survey presents aggregate and individual data on the states' general fund receipts, expenditures and balances. Although not the totality of state spending, these funds are used to finance most broad-based state services and are the most important elements in determining the fiscal health of the states. A separate survey that includes total state spending also is conducted annually.

The field survey on which this report is based was conducted by NASBO in August through October 2002 and was completed by Governors' state budget officers.

Fiscal 2001 data represent actual figures, fiscal 2002 figures are preliminary actuals and fiscal 2003 data reflect appropriations.

Forty-six states begin their fiscal years in July and end them in June. The exceptions are Alabama and Michigan, with an October to September fiscal year; New York, with an April to March fiscal year; and Texas, with a September to August fiscal year. Additionally, 20 states operate on a biennial budget cycle.

NASBO staff members Greg Von Behren and Nick Samuels compiled the data and prepared the text for the report. Dotty Esher of State Services Organization provided typesetting services.

# Executive Summary

Nearly every state is in fiscal crisis. Amid a slowing growing national economy, state revenues have shrunk at the same time that spending pressures are mounting—particularly for Medicaid and other healthcare—creating massive budget shortfalls. As states fight to balance their budgets, the solutions available to them are increasingly dire, and some of the most difficult fiscal decisions have yet to be made.

This edition of *The Fiscal Survey of States* reflects actual fiscal 2001, preliminary actual fiscal 2002, and appropriated fiscal 2003 figures for 49 states.* Data were collected during fall 2002 and show very difficult state fiscal conditions during this time period.

## State Spending

States curtailed spending significantly in fiscal 2002 and fiscal 2003. As a result of weakness in state tax collections and the stalled national economy, the enacted increase in states' fiscal 2002 general fund spending is only 1.3 percent and is expected to grow by the same amount in fiscal 2003, after growing 8.3 percent in fiscal 2001. This includes one-time spending from surplus funds, transfers into budget stabilization funds and other reserve funds, and payments to local governments to reduce property taxes. Findings include the following:

Medicaid spending grew 13.2 percent in fiscal 2002, the fastest rate of growth since 1992.

Thirty-seven states reduced fiscal 2002 enacted budgets by more than $12.8 billion after they were passed—18 states more than the previous year. Already in fiscal 2003, 23 states plan to reduce their net enacted budgets by more than $8.3 billion.

To address the severe imbalance between revenues and expenditures, states relied heavily on specific strategies to reduce or eliminate budget gaps. In fiscal 2002, 26 states reduced that budget gap by enacting across-the-board cuts and using rainy day funds, 15 states laid off employees, five states used early retirement, 13 states reorganized programs, and 31 states used a variety of other methods. This trend will continue in fiscal 2003. Many of these budget balancing actions are one-time only and cannot be used again.

Seven states provided aid to local governments to reduce property taxes totaling nearly $1.5 billion.

Two-thirds of the states reported expenditure growth of less than 5 percent in both fiscal 2002 and 2003. In comparison, 35 states had expenditure growth of more than 5 percent in fiscal 2001. An astonishing 16 states experienced negative growth during fiscal 2002. Seventeen states budgeted for negative growth in fiscal 2003.

States continued to provide supportive services for families to achieve self-sufficiency. Seven states increased their Temporary Assistance for Needy Families (TANF) cash assistance benefit levels with increases ranging from 2.5 percent to 6 percent in fiscal 2002.

## State Revenue Actions

States continue to experience dwindling tax collections in fiscal 2003. Enacted net tax and fee changes for fiscal 2003 increase revenues by $8.3 billion—representing the largest net state tax increase since 1992 when net tax increases totaled $15 billion. Additionally, states enacted an unprecedented number of measures that enhanced general fund revenue but do not affect taxpayer liability.

The enacted fiscal 2003 tax and fee increases boost all categories of broad-based taxation including sales, personal and corporate income, cigarette and tobacco, motor fuels, and alcohol taxes, and fees. The largest growth occurred in cigarette and tobacco taxes, at $2.9 billion. Findings include the following:

Fiscal 2002 sales tax collections were 3.2 percent lower than originally budgeted, personal income tax collections missed states' targets by 12.8 percent, and corporate income taxes were a staggering 21.5 percent lower than projected.

Forty-one states collected less revenue in fiscal 2002 than they had planned for in their budgets. Six states report that revenue was higher, while only two states met their revenue targets.

*Florida chose not to participate.



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Based on their fiscal 2003 enacted budgets, states expect revenues to exceed prior year collections by 6.7 percent.

## Year-End Balances

The fiscal situation in the states can be most clearly seen in their year-end balances. Total balances in fiscal 2001, fiscal 2002, and fiscal 2003, are $37.8 billion, $17.1 billion, and $14.5 billion, respectively. Fiscal 2003 total state balances have plummeted by a spectacular 70 percent since they peaked in fiscal 2000.

# State Expenditure Developments

CHAPTER ONE

## Budget Management in Fiscal 2002

Fiscal 2002 was a turbulent year for virtually every state. States used an assortment of short-term solutions, such as drawing from one-time sources and cutting spending to bring their fiscal 2002 budgets in balance. Thirty-seven states' cut more than $12.6 billion from their fiscal 2002 budgets (see Table 1), the highest number of states and largest amount in terms of dollars to have made cuts to enacted budgets in any given year. By comparison, in fiscal 1992, 35 states cut their budgets by a combined $4.5 billion. Since programs like Medicaid have been experiencing tremendous growth in recent years and many other state programs have already been cut, it will be increasingly difficult to cut spending further.

Some states exempted certain programs or expenditures from budget cuts, such as K-12 education, higher education, debt service, Medicaid, public safety, and aid to towns and cities. Entitlement programs such as Medicaid, programs most governors consider high priority, or those set by predetermined formulas, such as school aid are usually the only programs exempted from cuts. However, economic conditions have forced many states to make cuts to these programs and further cuts are expected during the rest of fiscal 2003.

States have a variety of vehicles at their disposal for closing budget gaps. In fiscal 2002, 26 states used across-the-board cuts, 26 states used rainy day funds, 15 states laid off employees (the number of filled full-time equivalent positions has been reduced by an amazing 11.1 percent from fiscal 2002 to fiscal 2003, see Appendix Table A-7), five states offered early retirement, 13 state reorganized programs, and 31 states implemented a variety of other methods (see Appendix Table A-5). Other methods used to bring budgets into alignment include putting capital projects on hold, hiring freezes, tobacco settlement securitization, targeted reductions, fund transfers, adjusting expenditure estimates, and using available reserves (see Notes to Appendix Table A-5).

## State Spending for Fiscal 2003

This report captures only state general fund spending, the primarily discretionary expenditure of revenues derived from general sources not earmarked for specific items. According to the most recent edition of NASBO's *State Expenditure Report*, estimated fiscal 2002 state spending from all sources is estimated to be nearly $1.1 trillion, with the general fund representing 47.7 percent of the total. The components of total state spending are: elementary and secondary education, 22.2 percent; Medicaid, 19.6 percent; higher education, 11.3 percent; transportation, 8.9 percent; corrections, 3.7 percent; public assistance, 2.2 percent; and all other expenditures, 32.1 percent.

Components of state spending within the general fund specifically are elementary and secondary education, 35.4 percent; Medicaid, 15.1 percent; higher education, 12.8 percent; corrections, 7 percent; public assistance, 2.3 percent; transportation, 1.3 percent; and all other expenditures, 26.1 percent. Elementary and secondary education has dominated state spending since fiscal 1993, while Medicaid has been the second largest and fastest growing component of state spending—both from state general funds and from all spending sources.

Based on enacted budgets, states' general fund spending for fiscal 2003 totaled $498 billion, only 1.3 percent above fiscal 2002 levels. In fiscal 2002, states increased general fund expenditures by 1.3 percent above fiscal 2001 amounts, the smallest increase in state general fund spending since 1983. Since that year, state spending has increased at an average of about 6 percent (see Table 2 and Figure 1).

Already in early fiscal 2003, 24 states plan to reduce their fiscal 2003 enacted budgets by more than $8.3 billion; total budget reductions for all of fiscal 2002 were $12.8 billion (see Table 1). Also, many states have used or are planning to use other methods to close their fiscal 2003 budget gaps (see Appendix Table A-6).

Two-thirds of the states reported expenditure growth of less than 5 percent in fiscal 2002, and 16 states reported negative growth during this time period. This trend continues in fiscal 2003 with approximately two-thirds of the states again reporting enacted increases of less than 5 percent. An astonishing 17 states budgeted for negative growth during the same period (see Table 3 and Appendix Table A-4).

TABLE 1

## Budget Cuts Made After the Budget Passed

| State | FY 2002 Size of Cuts (Millions) | FY 2003 Size of Cuts (Millions) | Programs or Expenditures Exempted from Cuts |
|---|---|---|---|
| Alabama | $19.9 | --- | Debt Service, Federal Court Ordered Payments, and Department of Youth Services Operations. |
| Arizona | 671.2 | 935.0 | In fiscal 2003, the Department of Corrections and voter protected or court mandated programs. |
| Arkansas | 171.0 | --- | --- |
| California | 1862.0 | --- | No exemptions. |
| Colorado* | 554.0 | 220.0 | In fiscal 2002, K-12 and Medicaid. In fiscal 2003, K-12 and parts of human services. |
| Connecticut | 92.9 | Pending | In fiscal 2003, Education Cost Sharing Grant (ECS), town aid road, and payment in lieu of taxes (State Owned Property, Colleges and Hospitals). |
| Delaware | 23.8 | 35.0 | Debt service. |
| Georgia | 783.0 | | In fiscal 2002, education direct instruction protected but not completely exempt and miscellaneous special programs. Fiscal 2003 is to be determined as year progresses. |
| Hawaii | --- | TBD | Debt service, employees' retirement system and health insurance, unemployment insurance, workers' compensation, public welfare payments, children and adult mental health, and lower and higher education instruction programs. |
| Idaho | 64.1 | 22.3 | No exemptions in fiscal 2002. In fiscal 2003, public schools, vocational education, community colleges and higher education are fully exempt. Medicaid is partly exempt. |
| Illinois | 500.0 | --- | No exemptions. |
| Indiana | 468.7 | 671.5 | For 2002, K-12 education aid. For 2003, K-12 education aid, other youth services, senior choice long-term care, and senior prescription drugs. |
| Iowa | 246.2 | --- | Medicaid and public safety. |
| Kansas | --- | ** | In fiscal 2003, Courts, Legislature, and transfers to local governments. |
| Kentucky | 231.5 | --- | Elementary and Secondary Education. |
| Louisiana | --- | 100.0 | Higher Education, private medical care, constitutionally protected areas and public safety programs to the greatest extent possible. |
| Maine | 16.4 | 58.4 | Retirement Allowance Fund and Teacher Retirement. |
| Maryland | 58.0 | --- | Public safety and education. |
| Massachusetts | 120.2 | --- | Medicaid. |
| Michigan | 385.0 | --- | Higher education, School Aid, TANF maintenance of effort. |
| Minnesota | 132.6 | 792.6 | No exemptions. |
| Mississippi* | 150.6 | --- | Department of Human Services. |
| Missouri | 750.0 | --- | K-12 education funding for local schools. |
| Montana | --- | 57.9 | Public school entitlement aid and debt services. |
| Nebraska | 87.3 | 211.3 | State operated facilities for the mentally ill, veterans, developmentally disabled, and juvenile offenders; Child Protective Services; Community-based aid for mental health/substance abuse, developmentally disabled, aging services; bioterrorism preparedness and response; National Guard; and emergency management. |
| Nevada | 31.2 | 65.6 | Fiscal 2002, everything except one shots. Fiscal 2003, aid to local schools (K-12). |
| New Hampshire | 7.8 | 13.5 | Local aids, direct care personnel. |
| New Jersey* | 1757.0 | 2558.0 | Institutions, Local Aid, School Aid, School Aid, Debt, and Shore Protection. |
| New York* | 578.0 | --- | --- |
| North Carolina | 789.2 | --- | Medicaid and Educational areas (Public Schools, Community Colleges, and University System) are cut significantly less than other areas in state government. |
| North Dakota | --- | 18.3 | Foundation Aid and Special Education reductions will be fully restored from the Foundation Aid Stabilization Fund. |
| Ohio | 230.6 | 459.2 | For fiscal 2002, the Department of Education, the Ohio Schools for the Blind and the Deaf, the School Facilities Commission, the SchoolNet Commission, judicial branch agencies, the Adjutant General, the Ohio Veterans' Home, veterans' organizations, the Department of mental Health, state student financial aid appropriations, TANF, Day Care, CHIP, Medicaid, Adoption Assistance, Disability Assistance, child support appropriations, property tax allocation appropriations, tangible tax exemption appropriations, appropriations for debt service, including lease rental payments, building and office rent appropriations, and pension system payments made by the Treasurer of State. |



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**TABLE 1 (continued)**

| State | FY 2002 Size of Cuts (Millions) | FY 2003 Size of Cuts (Millions) | Programs or Expenditures Exempted from Cuts |
|---|---|---|---|
| | | | For fiscal 2003, the Department of Education's foundation program and related line items, the Ohio Schools for the Blind and the Deaf, the School Facilities Commission, the SchoolNet Commission, judicial branch agencies, the Adjutant General, the Ohio Veterans' Home, veterans' organizations, the Department of mental Health, state student financial aid appropriations, TANF, Day Care, CHIP, Medicaid, Adoption Assistance, Disability Assistance, child support appropriations, property tax allocation appropriations, tangible tax exemption appropriations, appropriations for debt service, including lease rental payments, building and office rent appropriations, and pension system payments made by the Treasurer of State. |
| Oklahoma | 173.7 | 259.9 | No exemptions. Constitution requires proportional across the board cuts. |
| Oregon | 801.4 | 482.0 | No exemptions. |
| Pennsylvania | 309.9 | --- | Attorney General, Auditor General and Treasurer (which are independently elected); the legislature and judiciary; and also the State System of Higher Education and the Pennsylvania Higher Education Assistance Agency. |
| Rhode Island | 1.4 | 156.6 | No exemptions. |
| South Carolina | 326.4 | --- | Debt Service, election expenses. |
| Utah | 105.5 | 309.7 | No exemptions. |
| Vermont | 26.7 | 22.5 | In fiscal 2002, debt service property tax assistance, teacher's retirement. In fiscal 2003, Judiciary, higher education, agency of commerce, debt service, use tax reimbursement, property tax assistance, and teachers retirement. |
| Virginia | ** | 213.0 | Direct public safety, and preparedness staff, police officers and corrections security staff, direct care staff in the Commonwealth's mental health and aging facilities. Some aid-to-localities programs, debt service, revenue generating activities at the Department of Taxation, direct aid for K-12, student financial aid in the institutions of higher education, funding for indigent care. Direct community health services in local health departments, excluding administration and 'set-out' pass through dollars, state welfare and support enforcement funding. For the most part these were the kid of exemptions granted in the fiscal 2002 across-the-board agency reductions. |
| Washington | 112.0 | 650.9 | K-12 basic education, bond debt retirement and retirement contributions are exempt by constitution or by statute, but not all other programs were cut. |
| Wisconsin* | --- | --- | --- |
| **Total** | **$12,816.0** | **$8,313.2** | |
| Puerto Rico | --- | --- | Fiscal 2002 included a cut of 4.17 percent or $205 million in the joint resolution before it was approved by the Governor (June 2001). |

**SOURCE**: National Association of State Budget Officers.

**NOTES TO TABLE 1**

| | |
|---|---|
| Colorado | In fiscal 2002, general fund restrictions accounted for $142 million. In fiscal 2003, $150 million from a 4 percent restriction on general fund spending, $45 million vetoed in budget, and other measures. |
| Kansas | Cuts in fiscal 2003, but no amount provided. |
| Mississippi | By statute, budget cuts must be made if, at the end of October, revenues fall more than 2 percent below the estimate. |
| New Jersey | Fiscal 2002 "cuts" were actually forced lapses that were identified midway through the fiscal year. Fiscal 2003 "cuts" included $1.2 billion in costs charged to trust & dedicated funds, $1.2 billion in containment of projected budget growth, and $.2 billion in program reductions. |
| New York | Includes restructured building aid payments to school districts; hiring freeze and non-personal service cuts; TANF maximization and lottery enhancements. |
| Virginia | Cuts in fiscal 2002, but no amount provided. |
| Wisconsin | The total biennial cut was $324.4 million. Individual fiscal year amounts are not available at this time. $54.6 million of the biennial cut amount is due to required lapses. |

TABLE 2

**State Nominal and Real Annual Budget Increases, Fiscal 1979 to Fiscal 2003**

| | State General Fund | |
|---|---|---|
| *Fiscal Year* | *Nominal Increase* | *Real Increase* |
| 2003* | 1.3% | 0.4% |
| 2002* | 1.3 | 0.4 |
| 2001 | 8.3 | 4.0 |
| 2000 | 7.2 | 4.0 |
| 1999 | 7.7 | 5.2 |
| 1998 | 5.7 | 3.9 |
| 1997 | 5.0 | 2.3 |
| 1996 | 4.5 | 1.6 |
| 1995 | 6.3 | 3.2 |
| 1994 | 5.0 | 2.3 |
| 1993 | 3.3 | 0.6 |
| 1992 | 5.1 | 1.9 |
| 1991 | 4.5 | 0.7 |
| 1990 | 6.4 | 2.1 |
| 1989 | 8.7 | 4.3 |
| 1988 | 7.0 | 2.9 |
| 1987 | 6.3 | 2.6 |
| 1986 | 8.9 | 3.7 |
| 1985 | 10.2 | 4.6 |
| 1984 | 8.0 | 3.3 |
| 1983 | -0.7 | -6.3 |
| 1982 | 6.4 | -1.1 |
| 1981 | 16.3 | 6.1 |
| 1980 | 10.0 | -0.6 |
| 1979 | 10.1 | 1.5 |
| **1979–2003 average** | **6.5%** | **2.1%** |

**NOTES:** The state and local government implicit price deflator, as cited by the Bureau of Economic Analysis on October 2002, is used for state expenditures in determining real changes. Fiscal 2001 figures are based on the change from fiscal 2000 actuals to fiscal 2001 preliminary actuals. Fiscal 2002 figures are based on the change from fiscal 2001 preliminary actuals to fiscal 2002 appropriated.

**SOURCE:** National Association of State Budget Officers.

## State Cash Assistance Increased Under the Temporary Assistance for Needy Families Program

Since welfare reform was passed in 1996, states have focused on providing supportive services for families to achieve self-sufficiency rather than cash assistance. However, cash assistance benefit levels provide an indication of how states aid people most in need. Forty-three states maintained the same cash assistance benefit levels for fiscal 2003 that were in effect in fiscal 2002. Seven states increased cash assistance benefit levels, ranging from 2.5 percent to 6 percent.

TABLE 3

**Annual State General Fund Expenditure Increases, Fiscal 2002 and Fiscal 2003**

| | Number of States | |
|---|---|---|
| *Spending Growth* | *Fiscal 2002 (Preliminary Actual)* | *Fiscal 2003 (Appropriated)* |
| Negative growth | 16 | 17 |
| 0.0% to 4.9% | 23 | 21 |
| 5.0% to 9.9% | 10 | 8 |
| 10% or more | 0 | 3 |

**NOTE**: Average spending growth for fiscal 2002 (preliminary actual) is 1.3 percent; average spending growth for fiscal 2003 (appropriated) is 1.3 percent.

**SOURCE**: National Association of State Budget Officers.

Maryland may provide a 5 percent increase in January dependant upon the state's fiscal condition (see Table 4 and Notes to Table 4).

The Temporary Assistance for Needy Families (TANF) program expired on September 30, 2002. A continuing resolution extends the TANF program through December 31, 2002 at fiscal 2002 levels until the program is reauthorized.

## Medicaid and Other Health Care Trends

Growth in Medicaid expenditures continues to place severe strain on state budgets. Medicaid is a means-tested entitlement program financed by the states and the federal government that provides medical care for about 44 million low-income individuals. Medicaid expenditures are approximately 20 percent of all state spending while spending on all health care constitutes approximately 30 percent of total state spending.

Medicaid spending grew 13.2 percent in fiscal 2002, the fastest rate of growth since 1992. This spending contrasts sharply to the lack of any growth in state revenues experienced in fiscal 2002. In fiscal 2003, Medicaid appropriations are 4.8 percent above the prior year's level and are predicated on extensive cost savings.

Medicaid cost increases stem primarily from increased costs for pharmaceuticals as well as enrollment increases, according to the recent Kaiser Commission on Medicaid and the Uninsured report, *Medicaid Spending Growth: Results from a 2002 Survey*. Spending on outpatient prescription drugs, which increased an average of 18 percent annually over the past three years continues to be a significant component in rising Medicaid costs. According to a

TABLE 4

**Enacted Changes for Cash Assistance Benefit Levels Under the TANF Block Grant, Fiscal 2003**

| *State* | *Percent Change* |
|---|---|
| California | 3.7% |
| Illinois | 5.0 |
| Kentucky | 3.0 |
| Maine | 5.0 |
| Maryland* | --- |
| Montana* | 2.5 |
| New York* | --- |
| South Dakota | 3.0 |
| Texas | 6.0 |

*See Note to Table 4.

**SOURCE**: National Association of State Budget Officers.

**NOTES TO TABLE 4**

| | |
|---|---|
| Maryland | A 5 percent increase may be given in January 2003 depending on the state's fiscal condition. |
| Montana | TANF is set at a percentage of the federal poverty index and adjustments are made accordingly. |
| New York | Although the state fiscal 2002-2003 budget did not include cash assistance benefit level changes, the State has begun regulatory changes that will increase the shelter allowance for families effective January 1, 2003. The amount of the benefit increase varies by county and household. |

study by the National Institute for Health Care Management, prescription drugs spending overall climbed by 17 percent in 2001. The study found that the average cost of a prescription rose by 10 percent during this time period. Enrollment, estimated to rise by 6.2 percent in fiscal 2003 after increasing by 8.6 percent in fiscal 2002, is the second most cited reason by states for increased Medicaid costs, according to the Kaiser Commission report.

Based on the continued fiscal pressures, virtually all states have either taken action in fiscal 2002 or plan to take action in fiscal 2003 to control Medicaid costs. The most prevalent type of cost containment in both fiscal 2002 and fiscal 2003 is controlling pharmaceutical costs followed by reductions or limits to provider payments. According to the Kaiser Commission report, in fiscal 2003, 40 states plan to implement pharmacy controls, 29 states plan to implement reductions or freezes to provider payments, 15 states plan reducing Medicaid benefits, and eighteen states plan to restrict eligibility.

After Medicaid, spending for employees' health is the next major category of health care spending by state governments. According to an analysis by the Center for Studying Health System Change, insurance premiums nationally increased by 11 percent in 2001 and are estimated to rise by 13 percent in 2002.

FIGURE 1

**Annual Percentage Budget Increases, Fiscal 1979 to Fiscal 2003**

**SOURCE**: National Association of State Budget Officers.

## Aid to Local Governments

Slightly less than half the states' budget changes affected local governments in fiscal 2003. Most of these changes increased aid to education and provided property tax relief, but a handful of states made reductions (see Table 5).

Aid to local governments takes many forms, such as direct aid, substitution of state revenues for local revenues, and assumption of local services. For example, Georgia increased the state homestead exemption to provide property tax relief at a total cost of $353 million in fiscal 2003; Indiana has enacted new property tax credits totaling $937.8 million, and Montana assumed the costs of district courts, amounting to $18.4 billion.

In seven states, funding to reduce local property taxes is a significant feature of state aid to local government, totaling nearly $1.5 billion for fiscal 2003. The amounts in these states range from less than 1 percent to more than 20 percent of the total general fund increase in the state budgets.

## Employee Compensation

Thirty-three states granted employee compensation increases for fiscal 2002, with an average across-the-board increase of approximately 3.3 percent. Eligible employees may receive additional amounts for merit pay, movement along pay scales, and other forms of compensation (see Appendix Table A-8).

TABLE 5

## Enacted Changes in Aid to Local Governments, Fiscal 2003

| | |
|---|---|
| California | The fiscal 2002-2003 budget includes $812.3 million in reduced aid to local governments. Most funded mandates were reduced to $1,000 for fiscal 2002-2003. The balance will be repaid with interest. |
| Colorado | Reduced fiscal 2003 local grants for affordable housing ($2.9 million); Waste Water Grants ($1.5 million), Drinking Water Grants ($1.5 million), Rural Telecommunication Grants ($5.0 million), Local, District and Regional Health Dept. Distributions ($5.3 million), Tony Grampsas-Youth Services Grants ($7.6 million), and Build a Generations Grants ($.5 million). |
| Connecticut | State formula aid to municipalities is scheduled to increase by $40 million in fiscal 2003 (+2 percent), although approximately $600 million of the total aid is subject to a reduction of up to 5 percent by the Governor if fiscal conditions require it. A 2002 Public Act reduced the mandate on municipalities to perform property tax assessment revaluations every four years if a town's Grand list meets acceptable levels of equity among classes and gross numbers. |
| Georgia | Georgia continues to increase the state homestead exemption to provide property tax relief. The State of Georgia will provide $353 million to local governments in fiscal 2003 to offset any loss in local revenue. The homestead exemption increases from $8,000 to $10,000 of assessed value. Enacted change in state aid to local government is attributable to local property tax buy-downs in the amount of $353 million or 41.8 percent. |
| Illinois | Eliminated 0.4 percent of sales taxes to local government. |
| Indiana | Established a new Property Tax Replacement credit equal to 60 percent of the school general fund spending. Increased the Homestead Credit to 20 percent. Revamped the existing Property Tax Replacement credit. Total new impact of $937.8 million in new Property Tax Credits. Enacted change in state aid to local government is attributable to local property tax buy-downs in the amount of $937.8 million or 55 percent. |
| Iowa | The various state aid to local government appropriations for fiscal 2003 are reduced to $148.9 million from an estimated need of $165.7 million, for a total reduction of $16.8 million. It is up to the local governments to determine whether to pass this reduction on to property taxes or reduce their spending. |
| Louisiana | Twenty million for pay increase for educational support workers for fiscal 2003. Two million for increase in supplemental pay for local law enforcement personnel for fiscal 2003. |
| Maryland | Aid for K-12 education: Legislation was enacted that re-bases the State funding for public education beginning in fiscal year 2004. Eighty million from the increased tax on tobacco taxes will provide "bridge" funding in fiscal 2003 for education grants ($62.7 million for unrestricted grants, $10 million for a restructuring grant for Prince George's County, $4.8 million for Infants and Toddlers Program, and $1.1 million for adult education and literacy services).<br><br>Aid for Community Colleges: Legislation was enacted that lowers the percentages used in calculating State aid per FTE (for fiscal year 2003, to 23.1 percent from 25 percent of the per pupil funding for the State's four-year colleges).<br><br>Aid for Program Open Space: Legislation was enacted that directs 50 percent of the transfer tax revenues in fiscal 2003 and 2004 from Program Open Space to the General Fund. |
| Michigan | Fiscal 2003 is the fifth year of a 10-year phase of a new formula to distribute aid to local governments. Funding is shifted from formulas primarily based upon local millages to formulas based primarily upon taxable value. Aid to local governments distributed via the revenue sharing program is maintained at the fiscal 2002 spending level to insure that $120.6 million is available to help balance the fiscal 2003 general fund budget. This represents a 7 percent reduction in the total amount of funding available for distribution; however, on an individual basis, communities may share in the distribution of an additional $9.9 million to maintain the same level of grant funds as received in fiscal 2002. |
| Minnesota | The fiscal 2002 tax bill made some changes to local government aid payments, but because of timing issues, none will affect the state's general fund until fiscal 2004. Several small changes were made that will increase payments to locals by approximately $12 million in fiscal 2004 and beyond. This is slightly over 1 percent of Minnesota's normal aid payments to local governments.<br><br>The 2002 legislature made some reductions in funding, delayed payments and changed match requirements for some social service programs that will primarily impact county financial operations. The 2002 legislature also used the local government aid reserve account as part of the budget solution. |
| Missouri | Reduced payments for county juvenile court personnel $1.9 million (20 percent), reduced payments to counties for costs in criminal cases by $3.1 million (10 percent), reduced payments to counties for property assessment maintenance by $2 million (11 percent). |
| Montana | The state assumes costs of district courts. The costs are estimated at $18.4 million for district court assumption. Entitlement grants to counties implemented in fiscal 2002 are adjusted to have fiscally neutral effect on local governments and the state. |
| New Jersey | The annual inflationary adjustment on the State's Consolidated Municipal Property Tax Relief program was eliminated for fiscal 2003 via budget language in the Appropriations Act, thus deleting approximately $49 million in anticipated budget growth for localities. |
| New Mexico | Capital outlay projects totaling $26.8 million. The non-construction projects are for fiscal 2003 and most of the construction projects are through fiscal 2007. |
| New York | The fiscal 2002-2003 enacted budget will result in net benefits of over $1.1 billion for all classes of local government (counties, cities, towns, villages, and school districts). Of this, New York City will realize savings and benefits totaling over $828 million, while county governments and school districts outside New York City, can anticipate savings of over $132 million and $172 million, respectively. A limited number of towns and villages will see net costs of $6.2 million.<br><br>On a statewide level, the fiscal 2002-2003 enacted budget includes no unfunded mandates on local governments. As part of this budget, the State has instituted a tax amnesty program that is expected to provide certain municipalities with approximately $80 million in increased sales and personal income tax payments. The fiscal 2003 budget will also provide eligible local governments the ability to receive up to $468 million in accelerated prior year education payments. |

**TABLE 5 (continued)**

| | |
|---|---|
| North Carolina | Repeal of reimbursements for mandated reductions in local taxes totaling $337 million. |
| Ohio | The statutory funding mechanism and the county allocation formula for the Local Government Fund, Local Revenue Assistance Fund and the Library and Local Government Support Fund have been temporarily adjusted so that revenue to the funds will remain at 2001 levels. |
| Oregon | These are pending. As of September 2002, state revenues (General Fund and Lottery Funds) in Oregon are down about 14 percent for the fiscal 2001-2003 biennium. The Legislature has met in four special sessions and is currently meeting for the fifth time. To-date, they have addressed the shortfalls with mostly one-time funding and fund shifts, and with some program cuts. They have referred two measures to the voters. One measure will increase Oregon's cigarette tax by 60 cents. The other will establish an Education Endowment Fund and immediately use $150 million from that fund.<br><br>The latest plan being discussed by the fifth special session includes more program cuts, leveraging Master Settlement Agreement revenues and a tax referral. The impact of these actions on fiscal 2003 spending or taxes is unknown at this time. |
| Rhode Island | Total increase in the revised fiscal 2002 to fiscal 2003 enacted equals $31.5 million or 18.3 percent. The majority of the increase is in Motor Vehicle Tax phase-out followed by general revenue sharing. Enacted change in state aid to local government is attributable to local property tax buy-downs in the amount of $23.6 million or 32 percent. |
| South Carolina | Begininng January 2003, the property tax rate on motor vehicles will begin the first of a six-year draw-down schedule. It is not expected to reduce local government operations due to a shift in millage rates. |
| Texas | In fiscal 2003, the state will begin implementation of a new statewide Teacher Health Insurance program. This new program will have a significant impact on local school districts. State funding for the new insurance program is $1.2 billion in fiscal 2003. |
| Utah | State aid to local governments for fiscal 2003 was reduced $29.4 million ongoing and $11.8 million one-time. The two most significant impacts include a one-time reduction in local water grants of $10 million or 66 percent; and an ongoing $23.7 million reduction and $5.0 million one-time increase in state Minimum School Program funds and property tax provided to local school districts (net 0.9 percent reduction). Liquor profit distribution to locals was reduced $2.6 million one-time or 100 percent for fighting DUIs. Other reductions in include $677,100 ongoing and $4.3 million one-time in various local grants for land conservation, trails, tourism, and other grants. Health and Human Services local contracts, grants, and pass-thru funds were reduced $4.9 million ongoing and increased $25,000 one-time. Funds for county jails was reduced a net of $43,800 ongoing. |
| Washington | Temporary backfill funding to cover the elimination of the state's motor vehicle excise tax (shared with local governments but eliminated by Initiative 695) was eliminated by the 2002 Legislature except for the smallest cities and counties. |
| Wisconsin | Total state aid to school districts increased by $174.2 million in fiscal 2003 to maintain state support of 2/3rds of K12 school costs-thereby holding property taxes down. This represents a 3.8 percent increase in state aid to school districts over the prior year. This increase includes the net effect of several specific actions such an additional $20.1 million for reducing class size in grades K-3 and a $20.0 million reduction tied to limiting the amount of school debt considered in establishing the state's financial commitment (Acts 16 and 109).<br><br>Unrestricted state aid to counties and municipalities in fiscal 2003 increased by 10.2 million or 1 percent (Act 16). A mandate waiver program has been established to allow local governments to request the waiver of any state mandate not related to health or safety (Act 109). |

# State Revenue Developments

CHAPTER TWO

## Overview

Faced with a faltering economy that caused the most severe revenue shortfalls in some states since the Second World War, 23 states enacted tax and fee increases for fiscal 2003 totaling $8.3 billion. The last time states were forced to raise taxes by such a large amount was in 1992, when net tax changes totaled $15 billion (see Tables 6 and 7 and Figure 2). Additionally, states enacted an extraordinary number of revenue measures that enhance general fund revenue but that do not affect taxpayer liability, such as tax amnesty programs, fund transfers, and acceleration of collections (see Appendix Table A-12).

The tax increases—in tandem with budget cuts and the use of reserve funds—demonstrate how dire the fiscal situation is in the states and what actions states must take to provide services. The largest increase is in cigarette and tobacco taxes, with 19 states enacting measures totaling $2.9 billion. Other large enacted increases are in sales ($1.4 billion), corporate income ($1.2 billion), and personal income taxes ($1 billion). Fees, alcoholic beverages, motor fuels, and miscellaneous other taxes also were raised.

## Collections in Fiscal 2002

Fiscal 2002 revenues show how hard state coffers were hit by the economic slowdown and the more dramatic economic aftereffects of the September 11 attacks. States enjoyed a brighter fiscal situation when they crafted the revenue projections used in their fiscal 2002 budgets, and the economic slowdown that ensued was unable to support those earlier assumptions.

The current cycle of budget cuts and tax increases reflects that fact. Forty-one states collected less revenue in fiscal 2002 than they had planned for in their budgets. Six states report that revenue was higher, while only two states met their revenue targets. For fiscal 2002, overall sales, personal income, and corporate income tax collections were 9.7 percent lower than states' original estimates. An examination of these three revenue sources separately clearly illustrates the dramatic revenue situation in the states: fiscal 2002 sales tax collections were 3.2 lower than originally budgeted, personal income taxes were off by 12.8 percent, and corporate income taxes were 21.5 percent lower than estimated originally (see Appendix Table A-9).

FIGURE 2

**Enacted State Revenue Changes, Fiscal 1991 to Fiscal 2003**

SOURCE: National Association of State Budget Officers.



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TABLE 6

**Enacted State Revenue Changes, Fiscal 1979 to Fiscal 2003**

| *Fiscal Year* | *Revenue Change (Billions)* |
|---|---|
| 2003 | $ 8.3 |
| 2002 | 0.3 |
| 2001 | -5.8 |
| 2000 | -5.2 |
| 1999 | -7.0 |
| 1998 | -4.6 |
| 1997 | -4.1 |
| 1996 | -3.8 |
| 1995 | -2.6 |
| 1994 | 3.0 |
| 1993 | 3.0 |
| 1992 | 15.0 |
| 1991 | 10.3 |
| 1990 | 4.9 |
| 1989 | 0.8 |
| 1988 | 6.0 |
| 1987 | 0.6 |
| 1986 | -1.1 |
| 1985 | 0.9 |
| 1984 | 10.1 |
| 1983 | 3.5 |
| 1982 | 3.8 |
| 1981 | 0.4 |
| 1980 | -2.0 |
| 1979 | -2.3 |

**SOURCES**: Advisory Commission on Intergovernmental Relations, *Significant Features of Fiscal Federalism*, 1985-86 edition, page 77, based on data from the Tax Foundation and the National Conference of State Legislatures. Fiscal 1988–2002 data provided by the National Association of State Budget Officers.

## Projected Collections for Fiscal 2003

Based on their fiscal 2003 enacted budget, states' revenue outlook is cautiously positive. States expect an overall increase in revenue collections of 6.7 percent over current year collections, but it should be noted how short revenues fell in fiscal 2002. Based on the revenue projections used in fiscal 2003 enacted budgets, states expect a 4.9 percent increase in sales tax revenues, and a 3.1 percent increase in personal income tax collections. Based on the enacted increase in corporate income taxes discussed above, and reflecting the dramatic drop in corporate profits during the past several years, states project a 50.2 percent increase in corporate income taxes over fiscal 2002's dismal level (see Appendix Table A-10).

## Revenue Changes for Fiscal 2003

Twenty-four states enacted tax and fee increases for fiscal 2003, resulting in a revenue increase of $8.3 billion (see Table 7). Appendix Table A-11 describes the enacted changes, which in some instances reflect one-time actions such as sales tax holidays. This report differentiates between tax and fee increases and decreases (displayed in Table 7 and Appendix Table A-11) and revenue measures (shown in Appendix Table A-12). Tax and fee changes reflect revisions in current laws that affect taxpayer liability. Revenue measures include deferrals of tax increases or decreases that do not affect taxpayer liability. An example of a revenue measure is the extension of a tax credit that occurs each year.

**Sales Taxes.** Seventeen states enacted sales tax changes for fiscal 2003, reflected in a $1.4 billion net increase. The largest increase is in Tennessee, where the governor had recommended cutting the sales tax in return for creating a personal income tax. That proposal did not pass, and instead the state raised its sales tax rate by 1 percent for a net increase of $655.7 million. Six other states made various increases to their sales taxes including raising the general sales tax rate and raising the sales tax on tobacco. Six states also enacted net sales tax decreases, resulting mostly from new exemptions.

**Personal Income Taxes.** Sixteen states enacted changes in their personal income taxes, resulting in a net increase of $1 billion. Most of the changes in personal income taxes come from Massachusetts, which decreased personal exemptions, restored the tax on capital gains, and delayed a decrease in the personal income tax rate, among other changes. Several states enacted personal income tax cuts, including Kansas, which increased the earned income tax credit, and New York, which established tax relief for victims of terrorist attacks.

**Corporate Income Taxes.** Fifteen states enacted net corporate income tax changes, a net $1.2 billion increase. New Jersey made revisions in its corporate business tax that combined with other small decreases results in a net increase of $811 million. Tennessee increased its rate by one-half percent, and Connecticut instituted a minimum tax on limited liability corporations and partnerships, and S corporations.

**Cigarette, Tobacco and Alcohol Taxes.** The majority of fiscal 2003 tax actions occurred in cigarette taxes: 19 states increased cigarette taxes by a net $2.9 billion. All 19 of those states increased the tax per pack on cigarettes, many by more than 50 cents. One

TABLE 7

## Enacted Fiscal 2003 Revenue Actions by Type of Revenue and Net Increase or Decrease* (Millions)

| State | Sales | Personal Income | Corporate Income | Cigarettes/ Tobacco | Motor Fuels | Alcohol | Other Taxes | Fees | Total |
|---|---|---|---|---|---|---|---|---|---|
| Alabama | | | | | | | | | $ 0.0 |
| Alaska | | | | | | | | | 0.0 |
| Arizona | | | | | | | | | 0.0 |
| Arkansas | | | | | | | | | 0.0 |
| California | | | | | | | | | 0.0 |
| Colorado | | | | | | | | | 0.0 |
| Connecticut | $17.3 | $12.0 | $58.0 | $122.0 | $25.5 | | $18.2 | $13.0 | 266.0 |
| Delaware | | | | | | | | | 0.0 |
| Florida | | | | | | | | | 0.0 |
| Georgia | | | | | | | | | 0.0 |
| Hawaii | | -1.0 | | 7.0 | | | | | 6.0 |
| Idaho | | -3.1 | | | | | | | -3.1 |
| Illinois | | | | 235.0 | | | 135.0 | | 370.0 |
| Indiana | 394.3 | 9.1 | -42.9 | 270.9 | | | 371.0 | | 1,002.4 |
| Iowa | | | | | | | | 3.1 | 3.1 |
| Kansas | 155.5 | -15.7 | -2.0 | 81.6 | | | 15.0 | 18.0 | 252.4 |
| Kentucky | | | | | | | | | 0.0 |
| Louisiana | -20.3 | -13.6 | -5.6 | 27.4 | | | -18.7 | | -30.8 |
| Maine | | | | | | | | | 0.0 |
| Maryland | | | | 101.0 | | | | | 101.0 |
| Massachusetts | -6.0 | 1,035.0 | | 195.0 | | | | | 1,224.0 |
| Michigan | | | -14.6 | 291.7 | | | -272.2 | | 4.9 |
| Minnesota | 2.8 | -1.6 | 3.3 | | | | 36.7 | 2.2 | 43.4 |
| Mississippi | | | | | | | | | 0.0 |
| Missouri | 6.0 | 12.0 | 21.0 | | | | 31.5 | 2.0 | 72.5 |
| Montana | | -6.6 | -0.3 | | | | -0.3 | | -7.2 |
| Nebraska | 84.6 | | | 22.8 | | | | | 107.4 |
| Nevada | | | | | | | | | 0.0 |
| New Hampshire | | | | | | | | | 0.0 |
| New Jersey | -36.0 | | 811.0 | 275.0 | | | 226.0 | 80.0 | 1,356.0 |
| New Mexico | | | | | | | | | 0.0 |
| New York | 4.1 | -25.0 | -2.2 | 282.8 | | $8.0 | | 471.6 | 739.3 |
| North Carolina | | | 70.0 | | | | 20.0 | 39.6 | 129.6 |
| North Dakota | -4.8 | | | | | | | | -4.8 |
| Ohio | 185.1 | 108.0 | 216.0 | 288.3 | | | | | 797.4 |
| Oklahoma | | | 22.3 | | | | | | 22.3 |
| Oregon | | | | 100.0 | | | | | 100.0 |
| Pennsylvania | 14.5 | -12.4 | | 570.5 | | | -45.5 | 42.0 | 569.1 |
| Rhode Island | 1.8 | -10.3 | | 23.5 | 9.4 | | 5.4 | 78.5 | 108.3 |
| South Carolina | | | | | | | | | 0.0 |
| South Dakota | | | | | | | | | 0.0 |
| Tennessee | 655.7 | | 127.4 | 35.8 | | 4.6 | 109.7 | | 933.2 |
| Texas | | | | | | | | | 0.0 |
| Utah | | | | 13.8 | | | | 51.4 | 65.2 |
| Vermont | | | | 21.6 | | | 1.3 | 10.0 | 32.9 |
| Virginia | | | | | | | | | 0.0 |
| Washington | | | | | | | 27.2 | | 27.2 |
| West Virginia | -2.9 | -9.0 | -26.0 | | | | -1.5 | | -39.4 |
| Wisconsin | -14.8 | -4.6 | | | | | | 8.1 | -11.3 |
| Wyoming | | | | | | | | | 0.0 |
| **Total** | **$1,436.9** | **$1,073.2** | **$1,235.4** | **$2,965.7** | **$34.9** | **$12.6** | **$678.8** | **$819.5** | **$8,257.0** |
| **TERRITORIES** | | | | | | | | | |
| Puerto Rico | 3.0 | 311.0 | 111.0 | 51.0 | 75.0 | 84.0 | 50.0 | | 685.0 |

**NOTES**: *See Appendix Table A-11 for details on specific revenue changes.

**SOURCE**: National Association of State Budget Officers.

state, New York, made an increase in its alcohol tax related to licensing.

**Motor Fuels Taxes.** Two states—Connecticut and Rhode Island—increased their motor fuels taxes. Connecticut raised the diesel tax and enhanced its floor tax revenue. Rhode Island raised its gasoline excise by 2 cents per gallon.

**Other Taxes and Fees.** Revenue from other taxes, including personal property taxes, motor vehicles and other types of licensing usually cover the costs for license and regulation enforcement, promote environmental conservation, and generate revenues for health care. Fees often are associated with motor vehicles and other types of licensing.

For fiscal 2003, states enacted a variety of changes to other taxes, including enhancing gaming levies, raising surcharges on nursing and other health care facilities, and taxing pharmacies. Thirteen states also raised fees, including those for court filing, 911 service, driver's licenses, hunting and fishing, and a variety of land uses.

# Total Balances

CHAPTER THREE

The fiscal predicament states currently face is represented most clearly by the diminished condition of ending balances. Robust economic growth in the late 1990s allowed states to reinforce their financial reserves significantly. The economic slowdown that led to the recent recession and the sluggish recovery both have compelled states to draw heavily on any funds available. Total balances peaked in fiscal 2000 at $48.8 billion, or 10.4 percent of expenditures. These funds include both ending balances and the amounts in budget stabilization funds, and reflect the funds states may use to respond to unforeseen circumstances after budget obligations have been met. Since balances peaked in fiscal 2000, however, state budgets have been hit hard: total balances for appropriated fiscal 2003 are more than 70 percent lower (see Table 8 and Appendix Tables A-1, A-2, A-3, and A-13).

While actual fiscal 2001 balances of $37.8 billion—or 7.8 percent of expenditures—are considered healthy, balances for fiscal 2002 and appropriated fiscal 2003 fall below levels generally considered to be a sufficient buffer. Balances for preliminary actual fiscal 2002 are $17.1 billion, or 3.5 percent of expenditures. Based on appropriations for fiscal 2003, balances fall further to $14.5 billion, or 2.9 percent of expenditures.

The dramatic decline in balances is caused by the equally remarkable plunge in state revenues. With the gaps between revenues and planned expenditures so wide, states have spent down ending balances and reserves to plug the holes, as well as making substantial budget cuts, enacting tax increases, and taking other belt-tightening measures. While budget stabilization funds exist to provide states with a cushion to mitigate the type of fiscal stress they face currently, states also need to maintain reserves sufficient enough to offer protection in later years if the economy falters further or if other unforeseen circumstances arise.

Since the recession of the early 1990s, states have worked to build their rainy day fund balances and ending balances to safeguard against disruption of services should economic growth slow. The fiscal downturn during those years and during a similar period in the early 1980s caused state balances to fall rapidly. During the one-year period from 1980 to 1981, for example, balances plunged from 9 percent of expenditures to 4.4 percent, forcing states to cut budgets and raise taxes. During the early 1990s, states found themselves lacking balances adequate to manage a fiscal slowdown once again. Before the economy slowed in 1989, state balances equaled 4.8 percent of expenditures. Within two years, balances hit bottom, totaling only 1.1 percent of expenditures in 1991. In fiscal 1992, 35 states were forced to cut current-year budgets. The following year, 23 states were obliged to take that action again, causing uncertainty both for citizens receiving necessary services and for the governments delivering them. To stem these losses, states raised $25 billion in new revenues during the same two-year period.

Forty-eight states have budget stabilization funds, which may be budget reserve funds, revenue-shortfall

**TABLE 8**

**Total Year-End Balances, Fiscal 1979 to Fiscal 2003**

| *Fiscal Year* | *Total Balance (Billions)* | *Total Balance (Percentage of Expenditures)* |
|---|---|---|
| 2003* | $14.5 | 2.9% |
| 2002* | 17.1 | 3.5 |
| 2001 | 37.8 | 7.8 |
| 2000 | 48.8 | 10.4 |
| 1999 | 39.3 | 8.4 |
| 1998 | 35.4 | 9.2 |
| 1997 | 30.7 | 7.9 |
| 1996 | 25.1 | 6.8 |
| 1995 | 20.6 | 5.8 |
| 1994 | 16.9 | 5.1 |
| 1993 | 13.0 | 4.2 |
| 1992 | 5.3 | 1.8 |
| 1991 | 3.1 | 1.1 |
| 1990 | 9.4 | 3.4 |
| 1989 | 12.5 | 4.8 |
| 1988 | 9.8 | 4.2 |
| 1987 | 6.7 | 3.1 |
| 1986 | 7.2 | 3.5 |
| 1985 | 9.7 | 5.2 |
| 1984 | 6.4 | 3.8 |
| 1983 | 2.3 | 1.5 |
| 1982 | 4.5 | 2.9 |
| 1981 | 6.5 | 4.4 |
| 1980 | 11.8 | 9.0 |
| 1979 | 11.2 | 8.7 |

**NOTE**: Figures for fiscal 2002 are preliminary actuals; figures for fiscal 2003 are based on appropriations.

**SOURCE**: National Association of State Budget Officers.

accounts or cash-flow accounts. About three-fifths of the states have limits on the size of their budget reserve funds, ranging from 3 percent to 10 percent of appropriations. Ordinarily, funds above those limits remain in a state's ending balance.

TABLE 9

**Total Year-End Balances as a Percentage of Expenditures, Fiscal 2001 to Fiscal 2003**

| | Number of States | | |
|---|---|---|---|
| *Percentage of Expenditures* | *Fiscal 2001 (Actual)* | *Fiscal 2002 (Preliminary Actual)* | *Fiscal 2003 (Appropriated)* |
| Less than 1.0% | 2 | 12 | 14 |
| 1.0% to 2.9% | 5 | 12 | 15 |
| 3.0% to 4.9% | 6 | 7 | 12 |
| 5.0% or more | 36 | 18 | 8 |

**NOTE**: The average for fiscal 2001 (actual) was 7.8 percent; the average for fiscal 2002 (preliminary actual) is 3.5 percent; and the average for fiscal 2003 (appropriated) is 2.9 percent.

**SOURCE**: National Association of State Budget Officers.

FIGURE 3

**Total Year-End Balances and Total Year-End Balances as a Percentage of Expenditures, Fiscal 1979 to Fiscal 2003**

**SOURCE**: National Association of State Budget Officers.

TABLE 10

## Enacted Changes to Budgeting and Financial Management Practices

| | |
|---|---|
| **NEW ENGLAND** | |
| Maine | Performance budgeting was implemented statewide for fiscal 2002-2003. The biennial budget phase of a new Budget and Financial Management System was designed, developed and installed in fiscal 2002-2003. |
| Rhode Island | Implementation of new statewide accounting and purchasing system. |
| Vermont | Broadened rescission authority for fiscal 2003. |
| **MID-ATLANTIC** | |
| Maryland | Commission on Maryland's fiscal structure was established to review expenditures & revenues. |
| New Jersey | Early Retirement P ogram. |
| Pennsylvania | Continued the process to implement Enterprise Resource Planning software on July 1, 2002 for the functional areas of accounting, budgeting, payroll, human resources and procurement. The year-end transfer to the budget stabilization (rainy day) fund is increased to 25 percent of the general fund's ending balance beginning with fiscal 2003. The year-end transfer will revert to 10 percent of the ending balance in future fiscal years if the balance of the budget stabilization (rainy day) fund equals or exceeds 6 percent of actual General Fund revenues received for the year. |
| **GREAT LAKES** | |
| Michigan | The legislature adopted the fiscal 2003 executive recommendation that created a first-time budget for the Department of Information Technology, pooling statewide staff and funding resources into a single budget bill for IT-dedicated programs and services. |
| Wisconsin | Effective fiscal 2003 agencies will be required to identify and report on all positions (including funding level of those positions) that became vacant in the preceding fiscal year. Created on-going process that requires periodic detailed budgetary review of each state agency. The process includes a review of all programs along with detailed expenditure information for the most recent three years. Legislature prohibited from adopting any bill that would cause general fund expenditures to exceed the projected revenues. Governor's Executive Budget Book must now include a comparison of the state's budgetary surplus or deficit according to generally accepted accounting principles (GAAP). |
| **PLAINS** | |
| Iowa | The Legislature established a Program Elimination Commission to review state programs for elimination. |
| Minnesota | Hiring freeze and professional/technical contract moratorium enacted February 2002 through June 2003. Provided on-line access to historical and current year accounting data through Enterprise Management Reporting System (EMRS). |
| Missouri | Comprehensive review of core budget. Currently reviewing tax loopholes. |
| **SOUTHEAST** | |
| Arkansas | Implementation of a Performance Budgeting and Accountability System (Act 221 of 2001). Established a Rainy Day Fund. |
| Georgia | During fiscal 2002, implemented a critical hire process to fill only essential positions. Agencies were required to submit proposals to reduce spending for both fiscal 2002 and fiscal 2003. |
| Louisiana | Act 111 of the First Extraordinary Session of 2002 provides for the implementation and administration of the Exceptional Performance and Efficiency Incentive Program, the Incentive Fund, and the Gainsharing Program. |
| North Carolina | Enforced monthly allotments, restricted/ limited purchases of goods, services, and travel. |
| Tennessee | In the 2002 Session, the Legislature enacted two acts changing the budget law. A Governmental Accountability Act requires annual strategic planning and performance based budgeting throughout state government. Fiscal 2002-2003 is provided for organizing and re-development of the budget system. Agencies will be phased into performance-based budgeting over a 10-year period. The fiscal 2004-2005 budget must include the first three agencies on a performance-based budget basis.<br><br>The other act requires submission of a state taxpayer budget, which reflects only appropriations from general state tax sources, along with the traditional full state budget, which includes all funding sources. |
| **SOUTHWEST** | |
| New Mexico | New Mexico's performance budgeting initiative began with the enactment of the Accountability in Government Act (AGA) in 1999. During the last legislative session, the continuation of scheduled implementation took place. All agencies are scheduled to incorporate performance budgeting by fiscal 2004. |

TABLE 10 (continued)

| | |
|---|---|
| **ROCKY MOUNTAIN** | |
| Montana | Established Office of Economic Development in Governor's office and reorganized Department of Commerce to focus on economic development initiatives. |
| Utah | The Divisions of Substance Abuse and Mental Health were consolidated into a single division within Human Services. A total of 482 FTE's were eliminated, or 2.4 percent of workforce. Most, but not all, of these FTE reductions will be dealt with through attrition. Public and Higher Education and Corrections were given one-year authority to transfer funds across line-items. Reduced the transfer from the General Fund to the Centennial Highway Fund from $146 million to $79.6 million. |
| **FAR WEST** | |
| California | Created the Labor Workforce Development Agency. Elimination of 6,000 vacant positions. All departments were asked to submit proposals to reduce non-critical programs/functions. |
| Nevada | The Governor's task force on tax policy is reviewing the state's revenues. It was set up by the last Legislature, in fiscal 2001, and will report back November 2002. |

FIGURE 4

**Total Year-End Balances as a Percentage of Expenditures, Fiscal 2002**

**SOURCE**: National Association of State Budget Officers.

# Appendix

TABLE A-1

## Fiscal 2001 State General Fund, Actual (Millions)

| Region and State | Beginning Balance | Revenues | Adjustments | Total Resources | Expenditures | Adjustments | Ending Balance | Budget Stabilization Fund |
|---|---|---|---|---|---|---|---|---|
| **NEW ENGLAND** | | | | | | | | |
| Connecticut** | $ 0 | $11,986 | $ 0 | $11,986 | $11,955 | $ 0 | $ 31 | $ 595 |
| Maine** | 301 | 2,358 | 25 | 2,684 | 2,645 | 0 | 39 | 144 |
| Massachusetts* | 2,285 | 22,867 | 0 | 25,152 | 22,141 | 0 | 3,011 | 2,294 |
| New Hampshire** | 4 | 1,143 | -84 | 1,063 | 1,063 | 0 | 0 | 55 |
| Rhode Island | 92 | 2,533 | 0 | 2,625 | 2,483 | 11 | 131 | 80 |
| Vermont** | 0 | 896 | 26 | 921 | 881 | 37 | 4 | 43 |
| **MID-ATLANTIC** | | | | | | | | |
| Delaware* | 610 | 2,329 | 0 | 2,939 | 2,429 | 0 | 510 | 126 |
| Maryland | 936 | 9,802 | 30 | 10,768 | 10,230 | 0 | 538 | 888 |
| New Jersey* | 1,284 | 20,985 | 0 | 22,269 | 20,811 | 169 | 1,290 | 720 |
| New York* ** | 917 | 39,883 | 0 | 40,800 | 39,702 | 0 | 1,098 | 627 |
| Pennsylvania** | 611 | 19,443 | 144 | 20,197 | 19,862 | 0 | 335 | 1,127 |
| **GREAT LAKES** | | | | | | | | |
| Illinois | 1,517 | 24,106 | 0 | 25,623 | 24,497 | 0 | 1,126 | 225 |
| Indiana** | 833 | 9,273 | 0 | 10,105 | 9,303 | 783 | 19 | 526 |
| Michigan** | 212 | 8,963 | 573 | 9,747 | 9,719 | 0 | 28 | 994 |
| Ohio** | 196 | 21,309 | 0 | 21,505 | 21,144 | 155 | 207 | 1,011 |
| Wisconsin* ** | 836 | 10,290 | 169 | 11,295 | 11,078 | 10 | 208 | 0 |
| **PLAINS** | | | | | | | | |
| Iowa** | 164 | 4,648 | 66 | 4,879 | 4,879 | 0 | 0 | 405 |
| Kansas | 380 | 4,415 | 0 | 4,795 | 4,430 | 0 | 366 | 0 |
| Minnesota* ** | 2,125 | 12,152 | 0 | 14,277 | 12,703 | 0 | 1,574 | 1,574 |
| Missouri | 170 | 7,669 | 0 | 7,839 | 7,730 | 0 | 109 | 151 |
| Nebraska** | 316 | 2,457 | -59 | 2,714 | 2,478 | 0 | 236 | 170 |
| North Dakota** | 60 | 824 | 0 | 884 | 822 | 0 | 62 | 40 |
| South Dakota | 0 | 814 | 0 | 814 | 803 | 11 | 0 | 111 |
| **SOUTHEAST** | | | | | | | | |
| Alabama | 101 | 5,179 | 0 | 5,280 | 5,213 | 0 | 67 | 8 |
| Arkansas | 0 | 3,259 | 0 | 3,259 | 3,259 | 0 | 0 | 0 |
| Florida | --- | --- | --- | --- | --- | --- | --- | --- |
| Georgia* ** | 2,509 | 15,313 | 166 | 17,988 | 15,386 | 0 | 2,602 | 734 |
| Kentucky** | 175 | 6,760 | 499 | 7,434 | 7,041 | 393 | 0 | 240 |
| Louisiana** | 0 | 6,530 | 23 | 6,553 | 6,280 | 199 | 73 | 197 |
| Mississippi** | 21 | 3,444 | 62 | 3,527 | 3,616 | -107 | 18 | 190 |
| North Carolina | 0 | 13,391 | 61 | 13,452 | 13,446 | 6 | 0 | 158 |
| South Carolina* | 573 | 5,080 | 0 | 5,654 | 5,520 | 0 | 134 | 61 |
| Tennessee** | 52 | 7,159 | -83 | 7,128 | 7,015 | 81 | 31 | 178 |
| Virginia | 653 | 11,839 | 0 | 12,492 | 12,492 | 0 | 0 | 716 |
| West Virginia* | 148 | 2,718 | 8 | 2,874 | 2,707 | 6 | 161 | 79 |
| **SOUTHWEST** | | | | | | | | |
| Arizona | 203 | 6,181 | 0 | 6,384 | 6,371 | 0 | 13 | 373 |
| New Mexico* | 193 | 3,995 | 167 | 4,355 | 3,828 | 78 | 449 | 0 |
| Oklahoma | 309 | 5,095 | -296 | 5,108 | 4,819 | 0 | 290 | 340 |
| Texas | 3,766 | 29,363 | 0 | 33,129 | 29,003 | 132 | 3,994 | 197 |
| **ROCKY MOUNTAIN** | | | | | | | | |
| Colorado* ** | 787 | 6,717 | -364 | 7,139 | 6,670 | 0 | 470 | 0 |
| Idaho** | 182 | 1,985 | -153 | 2,014 | 1,829 | 1 | 185 | 53 |
| Montana* ** | 176 | 1,266 | 1 | 1,443 | 1,274 | -4 | 173 | 0 |
| Utah | 113 | 3,624 | -14 | 3,724 | 3,768 | -57 | 12 | 120 |
| Wyoming | 29 | 652 | 46 | 727 | 722 | 0 | 5 | 65 |
| **FAR WEST** | | | | | | | | |
| Alaska** | 0 | 2,282 | -9 | 2,273 | 2,273 | 0 | 0 | 2,995 |
| California* ** | 9,408 | 71,428 | 0 | 80,836 | 78,053 | -254 | 3,037 | 1,564 |
| Hawaii | 272 | 3,442 | 0 | 3,714 | 3,365 | 0 | 349 | 21 |
| Nevada** | 168 | 1,734 | 0 | 1,902 | 1,838 | -62 | 126 | 136 |
| Oregon** | 373 | 5,238 | 0 | 5,611 | 5,249 | 0 | 363 | 0 |
| Washington** | 485 | 10,829 | 112 | 11,426 | 10,827 | 0 | 599 | 462 |
| **Total** | **$34,544** | **$475,645** | **-** | **$511,304** | **$485,646** | **-** | **$24,070** | **$20,790** |
| **TERRITORIES** | | | | | | | | |
| Puerto Rico | 106 | 7,304 | 0 | 7,410 | 7,410 | 0 | 0 | 542 |

**NOTES**: N/A indicates data are not available. *In these states, the ending balance includes the balance in the budget stabilization fund. **See Notes to Table A-1.

**SOURCE**: National Association of State Budget Officers.



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## NOTES TO TABLE A-1

**For all states, unless otherwise noted, transfers into budget stabilization funds are counted as expenditures and transfers from budget stabilization funds are counted as revenues.**

| | |
|---|---|
| Alaska | Adjustments reflect a surplus. |
| California | Expenditure adjustments reflect changes to the ending balance. |
| Colorado | Expenditures include the Taxpayer's Bill of Rights (TABOR) refund, a constitutionally required refund when revenue growth exceeds the sum of population plus inflation. |
| Connecticut | Figures include federal reimbursement such as Medicaid. |
| Georgia | The General Assembly authorized an increase in the Revenue Shortfall Reserve (Rainy Day Fund) of up to 2 percent (for a total of 5 percent) at the discretion of the Governor. Full funding at the 5 percent level is $734 4 million. |
| Idaho | Revenue adjustments include the following transfers: $65 million to the Permanent Building Fund, $35.2 million to the Budget Stabilization Fund, $32 million to the Capitol Endowment Fund, $10 million to the School Safety and Health Revolving Loan Fund, $9.5 million to the Fire Suppression Fund, and $0.9 million to six other funds. Expenditure adjustments reflect a $1 million reversion delayed into fiscal 2002. |
| Indiana | Expenditure adjustments reflect one-time expenditures for pension, highway, street and road construction and repair, funding of local auto excise tax and property tax costs and some capital projects. |
| Iowa | Revenue adjustments reflect special transfers from the Economic Emergency Fund. |
| Kentucky | Revenue includes $105.7 million in tobacco settlement funds. Revenue adjustments include $416.7 million in appropriation balances carried over from the prior fiscal year, and $82.1 million of transfers into the General Fund from other funds. Expenditure adjustments represent appropriation balances forwarded to the next fiscal year. |
| Louisiana | Revenue adjustments represent carry-forwards from fiscal 2000. Expenditure adjustments include $14.1 million in carry-forwards to fiscal 2001 and $185 million deposited in a dedicated fund for group insurance, capital outlay projects and risk management insurance. |
| Maine | Revenue adjustments reflect $25 million in legislative and statutory authorized transfers. |
| Michigan | Revenue adjustments include tax law changes for fiscal 2000 and prior years of $27 million, a Rainy Day Fund withdrawal of $270 million, deposits from state restricted funds of $211.2 million, and lapses from prior year work project expenditures of $64.9 million. |
| Minnesota | Revenue adjustments reflect $787.8 million in sales tax rebates. The ending balance includes a cash flow account of $350 million, a budget reserve of $622 million, a tax relief account of $158.1 million, other reserves of $128.8 million, and appropriations carried forward of $315.3 million. |
| Mississippi | Revenue adjustments include a $50 million transfer from the rainy day fund and $12.3 million in state source special fund budget cuts that were deposited in the General Fund. Expenditure adjustments reflect $106.9 million in general fund budget cuts. |
| Montana | Adjustments primarily reflect prior year revenues and expenditures. |
| Nebraska | Revenue adjustments reflect transfers between the General Fund and other funds. |
| New Hampshire | Revenue adjustments reflect a $35 million transfer to the Rainy Day Fund and a $48 million transfer to the Education Trust Fund. |
| Nevada | Expenditure adjustments include reversions and adjustments to the fund balance. |
| New York | The ending balance includes $627 million in the tax stabilization reserve fund (rainy day fund), $150 million in reserve funds for litigation risks and $250 million in debt reduction reserve funds. In addition to general fund reserves, $1.2 billion was reserved for the Governor's statewide property tax relief program and $1.8 billion was reserved to guard against economic uncertainties. |
| North Dakota | Contingency funds of $40 million were available from the Bank of North Dakota. |
| Ohio | Federal reimbursements for Medicaid and other human services programs and Temporary Assistance for Needy Families federal block grant funds are included in the general revenue fund. Beginning balances are undesignated, unreserved fund balances. The actual cash balances would be higher by the amount reserved for encumbrances and designated transfers from the general revenue fund, including transfers to the budget stabilization fund. Expenditures for fiscal 2001 do not include encumbrances outstanding at the end of the year. Ohio reports expenditures based on disbursements for the general revenue fund. Expenditure adjustments reflect a transfer to the budget stabilization fund of $13.1 million and miscellaneous transfers-out of $194.2 million. These transfers-out are adjusted for a net change in encumbrances from fiscal 2000 levels of $-52.7 million. |
| Oregon | Medicaid Upper Payment Limit (MUPL) funds have been removed from the revenue total. Oregon budgets biennially; expenditures are for the second fiscal year and reflect 52 percent of the biennium. |
| Pennsylvania | Revenues reflect the impact of a one-time Homeowners Property Tax Rebate. Revenue adjustments reflect lapses from prior-year appropriations. The year-end transfer to the budget stabilization (rainy day) fund was suspended for fiscal 2001. |

**NOTES TO TABLE A-1** (continued)

| | |
|---|---|
| Tennessee | Revenue adjustments reflect transfers from prior years tobacco reserves ($203 million), reserves from June 30, 2001 for 2000-2001 appropriations ($147.5 million), debt service fund unexpended appropriations ($39.2 million), reserves from June 30, 2001 for 2001-2002 appropriations ($-243.8 million), reserves from June 30, 2001 for contingencies ($-126.6 million), and reserves from June 30, 2001 for dedicated revenue appropriations ($-102.4 million).<br><br>Expenditure adjustments include transfers to the Transportation Equity Fund ($26.8 million), capital outlay projects fund ($34 million), systems development fund ($7.5 million), and Rainy Day Fund ($12.9 million). |
| Vermont | Revenue adjustments reflect $9.9 million in direct applications and transfers in, $4 million from the tax refund reserve, and $11.6 million for appropriations from the prior year surplus reserve. Expenditure adjustments reflect $5.5 million to the Transportation Fund, $0.6 million to the Transportation Fund Stabilization Reserve, $1 Million to the Housing and Conservation Trust Fund, $10 million to the Vermont Health Access Plan Trust Fund, $1.7 million to the Budget Stabilization Reserve, $1.5 million to the Human Services Caseload Reserve, $12 million reserved for transfer to debt service and $4.3 million reserved in the General Fund Surplus Reserve. |
| Washington | Revenue adjustments of $111.7 million reflect the net of $121 million transfers from other state funds, and a $9 million transfer to the Rainy Day Fund. |
| Wisconsin | Revenue adjustments include the Tobacco Settlement ($124.4 million), a residual equity transfer ($8 million), and designated balances carried forward ($36.6 million). Expenditure adjustments include a designation for continuing balances ($9.9 million). |

TABLE A-2

## Fiscal 2002 State General Fund, Preliminary Actual (Millions)

| Region and State | Beginning Balance | Revenues | Adjustments | Resources | Expenditures | Adjustments | Ending Balance | Budget Stabilization Fund |
|---|---|---|---|---|---|---|---|---|
| **NEW ENGLAND** | | | | | | | | |
| Connecticut** | $ 0 | $10,845 | $ 0 | $10,845 | $11,664 | $ -595 | $ -224 | $ 0 |
| Maine** | 39 | 2,332 | 197 | 2,567 | 2,584 | -16 | 0 | 34 |
| Massachusetts* | 3,011 | 21,028 | 0 | 24,039 | 22,822 | 0 | 1,217 | 877 |
| New Hampshire** | 0 | 1,144 | 0 | 1,144 | 1,167 | 0 | -24 | 55 |
| Rhode Island** | 131 | 2,424 | 135 | 2,690 | 2,650 | 8 | 32 | 82 |
| Vermont** | 4 | 838 | 20 | 862 | 872 | -10 | 0 | 14 |
| **MID-ATLANTIC** | | | | | | | | |
| Delaware* | 510 | 2,426 | 0 | 2,936 | 2,454 | 0 | 482 | 128 |
| Maryland | 538 | 9,504 | 808 | 10,850 | 10,947 | -406 | 309 | 548 |
| New Jersey* | 1,290 | 19,931 | 0 | 21,221 | 21,101 | 20 | 100 | 0 |
| New York* ** | 1,110 | 41,144 | 0 | 42,254 | 41,222 | 0 | 1,032 | 710 |
| Pennsylvania** | 335 | 19,093 | 1,144 | 20,572 | 20,782 | -353 | 143 | 0 |
| **GREAT LAKES** | | | | | | | | |
| Illinois | 1,126 | 23,379 | 0 | 24,505 | 24,248 | 0 | 256 | 226 |
| Indiana** | 19 | 9,769 | 0 | 9,788 | 9,643 | 145 | 0 | 269 |
| Michigan** | 28 | 8,702 | 554 | 9,284 | 9,170 | 0 | 115 | 262 |
| Ohio** | 207 | 21,463 | 0 | 21,669 | 21,627 | -67 | 108 | 428 |
| Wisconsin* ** | 208 | 10,266 | 877 | 11,351 | 11,259 | 39 | 53 | 0 |
| **PLAINS** | | | | | | | | |
| Iowa** | 0 | 4,463 | 204 | 4,667 | 4,600 | 0 | 67 | 165 |
| Kansas | 366 | 4,109 | 4 | 4,478 | 4,466 | 0 | 12 | 0 |
| Minnesota* ** | 1,574 | 12,358 | 0 | 13,932 | 13,059 | 0 | 873 | 158 |
| Missouri | 109 | 7,699 | 0 | 7,808 | 7,643 | 0 | 165 | 150 |
| Nebraska** | 236 | 2,363 | 56 | 2,655 | 2,599 | 0 | 56 | 110 |
| North Dakota** | 62 | 793 | 0 | 855 | 812 | 0 | 43 | 25 |
| South Dakota | 0 | 849 | 7 | 856 | 850 | 6 | 0 | 109 |
| **SOUTHEAST** | | | | | | | | |
| Alabama** | 67 | 5,139 | 141 | 5,347 | 5,362 | -40 | 25 | 261 |
| Arkansas** | 0 | 3,182 | 0 | 3,182 | 3,182 | 0 | 0 | 0 |
| Florida | --- | --- | --- | --- | --- | --- | --- | --- |
| Georgia* | 2,602 | 13,861 | 249 | 16,711 | 15,486 | 0 | 1,226 | 698 |
| Kentucky** | 0 | 6,693 | 519 | 7,212 | 7,082 | 107 | 24 | 0 |
| Louisiana** | 0 | 6,481 | 56 | 6,537 | 6,538 | 0 | 0 | 260 |
| Mississippi** | 16 | 3,370 | 18 | 3,403 | 3,538 | -151 | 15 | 92 |
| North Carolina | 0 | 13,116 | 745 | 13,861 | 13,741 | 95 | 25 | 0 |
| South Carolina* | 134 | 4,930 | 149 | 5,212 | 5,162 | 0 | 50 | 0 |
| Tennessee** | 31 | 6,888 | 670 | 7,589 | 7,547 | 42 | 0 | 85 |
| Virginia | 0 | 12,176 | 0 | 12,176 | 12,043 | 0 | 133 | 467 |
| West Virginia* | 161 | 2,824 | 44 | 3,030 | 2,817 | 16 | 197 | 56 |
| **SOUTHWEST** | | | | | | | | |
| Arizona** | 13 | 5,734 | 566 | 6,313 | 6,337 | 0 | -24 | 72 |
| New Mexico* | 449 | 3,964 | 6 | 4,419 | 4,049 | 27 | 343 | 0 |
| Oklahoma | 290 | 4,791 | 10 | 5,090 | 5,016 | 0 | 75 | 72 |
| Texas | 3,994 | 28,516 | 0 | 32,510 | 30,572 | 517 | 1,421 | 916 |
| **ROCKY MOUNTAIN** | | | | | | | | |
| Colorado* ** | 469 | 5,873 | 617 | 6,859 | 6,694 | 0 | 165 | 0 |
| Idaho** | 185 | 1,700 | 96 | 1,981 | 1,980 | 0 | 1 | 53 |
| Montana* ** | 173 | 1,263 | 4 | 1,440 | 1,356 | 2 | 82 | 0 |
| Utah | 12 | 3,419 | 300 | 3,731 | 3,731 | 0 | 0 | 10 |
| Wyoming | 5 | 608 | 46 | 659 | 630 | 19 | 10 | 130 |
| **FAR WEST** | | | | | | | | |
| Alaska** | 0 | 1,623 | 750 | 2,373 | 2,373 | 0 | 0 | 2,483 |
| California* ** | 3,037 | 73,898 | 0 | 76,935 | 76,863 | 0 | 72 | -1,401 |
| Hawaii | 349 | 3,441 | 0 | 3,790 | 3,656 | 0 | 134 | 50 |
| Nevada** | 126 | 1,752 | 32 | 1,910 | 1,890 | -70 | 90 | 136 |
| Oregon** | 363 | 4,326 | 0 | 4,689 | 4,665 | 0 | 24 | 0 |
| Washington** | 599 | 10,449 | 561 | 11,609 | 11,226 | 0 | 382 | 113 |
| **Total** | **$23,975** | **$466,901** | - | **$500,362** | **$491,774** | - | **$9,285** | **$8,903** |
| **TERRITORIES** | | | | | | | | |
| Puerto Rico | 0 | 7,502 | 0 | 7,502 | 7,502 | 0 | 0 | 27 |

**NOTES**: N/A indicates data are not available. *In these states, the ending balance includes the balance in the budget stabilization fund. **See Notes to Table A-2.

**SOURCE**: National Association of State Budget Officers.



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## NOTES TO TABLE A-2

**For all states, unless otherwise noted, transfers into budget stabilization funds are counted as expenditures and transfers from budget stabilization funds are counted as revenues.**

| | |
|---|---|
| Alabama | Revenue measures and tax increases were passed in the fiscal 2001 fourth legislative special session that adjusted the revenues for fiscal 2002 and subsequent fiscal years. |
| Alaska | Adjustments reflect a constitutional budget reserve draw. |
| Arkansas | The Rainy Day Fund balance is shown as zero, reflecting passage of Act 2 of the first extraordinary session of 2002 of the Arkansas General Assembly, which established a Rainy Day Fund for the first time. To date, funding provisions have not been implemented. |
| Arizona | The state used $173.0 million from the Rainy Day Fund and made $318.0 million in fund transfers to the general fund to help balance the fiscal 2002 budget. |
| California | For fiscal 2002, California had an estimated ending balance of $72.2 million. The ending balance is made up of a Reserve for Liquidation of Encumberances of $1,473.2 million and the Special Fund for Economic Uncertainties (California's "rainy day" fund balance) of $-1,401 million. |
| Colorado | Revenue adjustments reflect a $536.3 million transfer from various cash funds to the General Fund, a $254.3 million transfer from the Controlled Maintenance Trust Fund to the General Fund, and a transfer of $273 million from the General Fund to the State Education Fund. Expenditures include the Taxpayer's Bill of Rights (TABOR) refund, a constitutionally required refund when revenue growth exceeds the sum of population plus inflation. |
| Connecticut | Figures include federal reimbursement such as Medicaid. The ending shortfall was reduced by an automatic transfer of $594.7 million from the Budget Reserve Fund. |
| Idaho | Revenue adjustments include the following transfers: $10 million to the State Refund Fund, $3.9 million to the Fire Suppression Fund, $2.8 million to the Pest Control Fund, $68.1 million from the Permanent Building Fund, $22 million from the Capitol Endowment Fund, $19.3 million from the Millennium Fund, and $2.1 million from three other funds. |
| Indiana | Expenditure adjustments reflect one-time expenditures for property tax cuts and some capital projects. |
| Iowa | Revenue adjustments reflect special transfers from the Economic Emergency Fund and Cash Reserve Fund, and one-time transfers from other funds to the General Fund. During fiscal 2002, the Revenue Estimating Conference reduced the General Fund revenue estimate from a net $4.9 billion to $4.3 billion. |
| Kentucky | Revenue includes $132.8 million in tobacco settlement funds. Revenue adjustments include $393 million in appropriation balances carried over from the prior fiscal year, and $125.5 million of transfers into the General Fund from other funds. Expenditure adjustments represent appropriation balances forwarded to the next fiscal year. |
| Louisiana | Revenue adjustments represent carry-forwards from fiscal 2001; the utilization of surplus revenues from fiscal 2001 and one-time revenues generated during fiscal 2002. Expenditure adjustments represent executive order hiring restriction. |
| Maine | Revenue adjustments reflect $116.4 million in legislative and statutory authorized transfers, $14.1 million in budgeted unappropriated surplus and an additional $66.4 million transferred from the Rainy Day Fund. Expenditure adjustments reflect $14.1 million in lapsed balances and $2.2 million in year-end accounting adjustments. |
| Michigan | Revenue adjustments include tax law changes for fiscal 2000 and prior years of $-295.8 million, a Rainy Day Fund withdrawal of $336.9 million, deposits from state restricted funds of $492.5 million, and lapses from prior year work project expenditures of $20.5 million. |
| Minnesota | The ending balance includes a tax relief account of $158.1 million. |
| Mississippi | Revenue adjustments reflect a $50 million transfer from the rainy day fund to the General Fund less a $32.2 million transfer from the General Fund to the Budget Contingency Fund. Expenditure adjustments reflect $150.6 million in general fund budget cuts. |
| Montana | Adjustments primarily reflect prior year revenues and expenditures. |
| Nebraska | Revenue adjustments reflect transfers between the General Fund and other funds. |
| New Hampshire | Figures are unaudited. |
| Nevada | Revenue adjustments include $30 million in bond refinancing adjustments. Expenditure adjustments include reversions and adjustments to the fund balance, including $31.2 million in budget reductions. |
| New York | The ending balance includes $710 million in the tax stabilization reserve fund (rainy day fund), and $157 million in reserve funds for litigation risks. In addition to general fund reserves, $1.1 billion was reserved to guard against economic uncertainties. |
| North Dakota | Contingency funds of $25 million were available from the Bank of North Dakota. |

**NOTES TO TABLE A-2** (continued)

| | |
|---|---|
| Ohio | Federal reimbursements for Medicaid and other human services programs are included in the general revenue fund. Beginning balances are undesignated, unreserved fund balances. The actual cash balances would be higher by the amount reserved for encumbrances and designated transfers from the general revenue fund, including transfers to the budget stabilization fund. Expenditures for fiscal 2002 do not include encumbrances outstanding at the end of the year. Ohio reports expenditures based on disbursements for the general revenue fund. Expenditure adjustments reflect miscellaneous transfers-out of $20.0 million. These transfers-out are adjusted for a net change in encumbrances from fiscal 2001 levels of $-86.7 million. |
| Oregon | Expenditures include the payment of a 1999-2001 mandated "kicker" payment to taxpayers. Oregon budgets biennially; expenditures are for the first year and represent 48 percent of the biennium. |
| Pennsylvania | Revenue adjustments include $1,038.4 million from the budget stabilization (rainy day) fund, lapses of $104.6 million from prior-year appropriations and a $1 million increase to the beginning balance. Total expenditures reflect the total amount appropriated and expenditure adjustments reflect current-year lapses. |
| Rhode Island | The state securitized its 2004-2043 tobacco Master Settlement Agreement payments and used $135 million in fiscal 2002 for operating expenses. |
| Tennessee | Revenue adjustments reflect transfers of reserve from June 30, 2001 for 2001-2002 appropriations ($243.8 million), debt service fund unexpended appropriations ($45 million), Rainy Day Fund ($93 million), and other revenue and reserves required to balance budget ($287.9 million).<br><br>Expenditure adjustments include transfers to the Transportation Equity Fund ($20 million), capital outlay projects fund ($16.1 million), and dedicated revenue appropriations ($6.2 million).<br><br>The Rainy Day Fund Balance for fiscal 2002 is the budgeted estimate as enacted by the General Assembly. |
| Vermont | Revenue adjustments reflect $20.4 million in direct appropriations and transfers-in. Expenditure adjustments reflect $13.8 million to the Transportation Fund, $5.6 million to the Education Fund, and $29.5 million from the Budget Stabilization Reserve. |
| Washington | Revenue adjustments of $560.7 million represent transfers from other accounts to the General Fund. |
| Wisconsin | Revenue adjustments include the Tobacco Settlement ($155.5 million), securitization of future tobacco settlement amounts ($681 million), a residual equity transfer ($31 million), and designated balances carried forward ($9.9 million). Expenditure adjustments included a transfer to the Tobacco Control Fund ($6 million) and a designation for continuing balances carried forward ($33 million). |

TABLE A-3

## Fiscal 2003 State General Fund, Appropriated (Millions)

| Region and State | Beginning Balance | Revenues | Adjustments | Resources | Expenditures | Adjustments | Ending Balance | Budget Stabilization Fund |
|---|---|---|---|---|---|---|---|---|
| **NEW ENGLAND** | | | | | | | | |
| Connecticut** | $ 0 | $12,092 | $ 0 | $12,092 | $12,092 | $ 0 | $ 0 | $ 0 |
| Maine** | 0 | 2,402 | 65 | 2,467 | 2,710 | -14 | -229 | 0 |
| Massachusetts* | 1,217 | 22,007 | 0 | 23,224 | 22,756 | 0 | 468 | 347 |
| New Hampshire | -24 | 1,163 | 0 | 1,140 | 1,200 | 0 | -61 | 55 |
| Rhode Island** | 32 | 2,575 | 85 | 2,692 | 2,672 | 0 | 20 | 82 |
| Vermont** | 0 | 852 | 12 | 864 | 880 | -16 | 0 | 18 |
| **MID-ATLANTIC** | | | | | | | | |
| Delaware* | 482 | 2,365 | 0 | 2,847 | 2,512 | 0 | 335 | 129 |
| Maryland | 309 | 9,817 | 334 | 10,460 | 10,564 | 0 | -104 | 494 |
| New Jersey* | 100 | 22,985 | 0 | 23,085 | 22,974 | 0 | 110 | 0 |
| New York* ** | 1,032 | 39,898 | 0 | 40,930 | 40,214 | 0 | 716 | 710 |
| Pennsylvania** | 143 | 20,863 | 0 | 21,005 | 20,696 | 302 | 7 | 311 |
| **GREAT LAKES** | | | | | | | | |
| Illinois | 256 | 24,385 | 0 | 24,641 | 24,366 | 0 | 275 | 226 |
| Indiana** | 0 | 10,523 | 0 | 10,523 | 10,397 | 51 | 76 | 279 |
| Michigan** | 115 | 9,132 | -24 | 9,222 | 9,185 | 0 | 37 | 31 |
| Ohio** | 108 | 22,577 | 0 | 22,685 | 22,824 | -206 | 67 | 71 |
| Wisconsin* ** | 53 | 10,964 | 158 | 11,175 | 10,935 | 95 | 145 | 0 |
| **PLAINS** | | | | | | | | |
| Iowa** | 0 | 4,400 | 57 | 4,457 | 4,456 | 0 | 0 | 141 |
| Kansas** | 12 | 4,516 | 0 | 4,528 | 4,445 | 0 | 83 | 0 |
| Minnesota* ** | 873 | 13,304 | 0 | 14,178 | 13,859 | 0 | 318 | 318 |
| Missouri | 165 | 7,765 | 0 | 7,930 | 7,854 | 0 | 76 | 155 |
| Nebraska** | 56 | 2,594 | 83 | 2,732 | 2,621 | 80 | 31 | 62 |
| North Dakota** | 43 | 848 | 25 | 916 | 934 | -18 | 0 | 0 |
| South Dakota | 0 | 878 | 0 | 878 | 878 | 0 | 0 | 79 |
| **SOUTHEAST** | | | | | | | | |
| Alabama** | 25 | 5,262 | 160 | 5,447 | 5,447 | 0 | 0 | 261 |
| Arkansas | 0 | 3,318 | 0 | 3,318 | 3,318 | 0 | 0 | 0 |
| Florida | --- | --- | --- | --- | --- | --- | --- | --- |
| Georgia* | 1,226 | 16,165 | 249 | 17,639 | 16,178 | 0 | 1,462 | 698 |
| Kentucky** | 24 | 7,110 | 302 | 7,435 | 7,270 | 107 | 58 | 0 |
| Louisiana** | 0 | 6,503 | 132 | 6,635 | 6,634 | 0 | 1 | 260 |
| Mississippi** | 14 | 3,575 | 0 | 3,588 | 3,514 | 0 | 74 | 129 |
| North Carolina | 25 | 14,307 | 20 | 14,352 | 14,352 | 0 | 0 | 0 |
| South Carolina* | 50 | 5,529 | 0 | 5,579 | 5,432 | 0 | 147 | 39 |
| Tennessee** | 0 | 6,986 | 933 | 7,919 | 7,850 | 69 | 0 | 99 |
| Virginia | 133 | 12,131 | 0 | 12,264 | 12,234 | 0 | 31 | 467 |
| West Virginia* | 197 | 2,930 | 8 | 3,136 | 3,122 | 10 | 4 | 58 |
| **SOUTHWEST** | | | | | | | | |
| Arizona** | 1 | 6,249 | -75 | 6,175 | 6,169 | 0 | 6 | 520 |
| New Mexico* | 343 | 3,925 | 0 | 4,267 | 3,878 | 62 | 328 | 0 |
| Oklahoma | 75 | 4,689 | 0 | 4,763 | 4,736 | 0 | 27 | 36 |
| Texas | 1,421 | 29,519 | -25 | 30,916 | 30,916 | -8 | 8 | 1,000 |
| **ROCKY MOUNTAIN** | | | | | | | | |
| Colorado* ** | 165 | 6,027 | 62 | 6,130 | 6,515 | 504 | 116 | 0 |
| Idaho** | 1 | 1,767 | 179 | 1,948 | 1,947 | 0 | 1 | 1 |
| Montana* ** | 82 | 1,228 | 0 | 1,310 | 1,279 | 0 | 30 | 0 |
| Utah** | 0 | 3,516 | 52 | 3,569 | 3,569 | 0 | 0 | 10 |
| Wyoming | 10 | 733 | 8 | 751 | 746 | 0 | 5 | 28 |
| **FAR WEST** | | | | | | | | |
| Alaska** | 0 | 1,539 | 512 | 2,051 | 2,051 | 0 | 0 | 1,940 |
| California | 72 | 79,158 | 0 | 79,230 | 76,722 | 0 | 2,509 | 1,036 |
| Hawaii | 134 | 3,722 | 0 | 3,856 | 3,836 | 0 | 20 | 53 |
| Nevada** | 90 | 1,822 | 100 | 2,012 | 2,021 | -105 | 96 | 36 |
| Oregon** | 24 | 5,030 | 0 | 5,054 | 5,054 | 0 | 0 | 0 |
| Washington** | 382 | 10,691 | 494 | 11,568 | 11,222 | 0 | 346 | 55 |
| **Total** | **$9,466** | **$492,265** | **-** | **$505,491** | **$498,091** | **-** | **$7,640** | **$10,234** |
| **TERRITORIES** | | | | | | | | |
| Puerto Rico | 0 | 7,839 | 0 | 7,839 | 7,839 | 0 | 0 | 189 |

**NOTES**: N/A indicates data are not available. *In these states, the ending balance includes the balance in the budget stabilization fund. **See Notes to Table A-3.

**SOURCE**: National Association of State Budget Officers.

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## NOTES TO TABLE A-3

**For all states, unless otherwise noted, transfers into budget stabilization funds are counted as expenditures and transfers from budget stabilization funds are counted as revenues.**

| | |
|---|---|
| Alabama | Expenditure adjustments reflect end of year general fund reversions; a decrease in the teacher retirement rate; and a reduction in public school and college authority appropriation. |
| Alaska | Adjustments reflect a constitutional budget reserve draw. |
| Arizona | The state is currently facing a significant liability associated with a class action lawsuit commonly referred to as the Ladewig case. To account for the budget impacts stemming from the case in fiscal 2003, $75 million was contained as an offset to revenues. |
| Colorado | Revenue adjustments reflect $219 million of additional cash fund transfers to the General Fund and a $292.6 million transfer from the General Fund to the State Education Fund. Expenditure adjustments include the 4 percent restriction on executive departments, a delay in provider rate increases, and a freeze in capital construction spending for projects in the early stages. The ending balance is required to be 2 percent of appropriations, or $119 million. Thus, $330 million still needs to be cut to balance the budget. |
| Connecticut | Figures include federal reimbursement such as Medicaid. |
| Idaho | Revenue adjustments include the following transfers: $13.4 million to the State Refund Fund, $3.8 million to the Fire Suppression Fund, $0.8 million to four other funds, $51.7 million from the Budget Stabilization Fund, $75.0 million from the Millennium Fund, $55.0 million from the Permanent Building Fund, $6.4 million from the Capitol Endowment Fund, $5.0 million from the Risk Management Fund, $3.0 million from the Water Pollution Control Fund, and $1.1 million from the Consumer Protection Fund. |
| Indiana | Expenditure adjustments reflect one-time expenditures for capital projects. |
| Iowa | Revenue adjustments reflect one-time fund transfers from other funds to the General Fund. |
| Kentucky | Revenue includes $125.6 million in tobacco settlement funds. Revenue adjustments include $107.2 million in appropriation balances carried over from the prior fiscal year, and $194.8 million of transfers into the General Fund. Expenditure adjustments represent appropriation balances forwarded to the next fiscal year. |
| Kansas | Kansas does not have a separate Rainy Day Fund. However, state statute requires that the Governor's recommended budget and the final approved budget maintain an ending balance of at least 5 percent of expenditures for fiscal 2003. |
| Louisiana | Revenue adjustments represent the utilization of one-time revenues generated during fiscal 2002. |
| Maine | Revenue adjustments reflect $145.8 million in legislative and statutory authorized transfers reduced by $14.1 million of budgeted unappropriated surplus and $66.4 million of Rainy Day Fund used to balance fiscal 2002. Expenditure adjustments reflect the use of $14.1 million in lapsed balances from fiscal 2002. |
| Michigan | Revenue adjustments include tax law changes for fiscal 2000 and prior years of $-727.6 million, a Rainy Day Fund withdrawal of $207 million, deposits from state restricted funds of $269.0 million, increased cigarette tax revenue of $140.3 million, and pausing the single business tax rate reduction effective January 1, 2003, at $87.3 million. |
| Minnesota | The ending balance includes a budget reserve of $318.4 million. |
| Mississippi | Rainy Day Fund balance is estimated. |
| Montana | State lands income and expenditures of $49 million for public school support were moved out of the general fund to an earmarked fund with no net effect on ending general fund balance. |
| Nebraska | Revenue adjustments reflect transfers between the General Fund and other funds. Expenditure adjustments reflect carryovers from prior years and a small estimate of supplemental appropriations. |
| Nevada | Revenue adjustments reflect a $100 million transfer from the Rainy Day Fund. Total expenditures include estimated supplemental appropriations for K-12 basic support of $54.4 million and $26 million for Medicaid. Expenditure adjustments include reversions and adjustments to fund balance, including $65.6 million in budget reductions. |
| New York | The ending balance includes $710 million in the tax stabilization reserve fund (rainy day fund), and $6 million in reserve funds for litigation risks. |
| North Dakota | The $25 million rainy day fund will be transferred to the general fund from the Bank of North Dakota. The Governor reduced general fund budgets by $18 million in 2003. |
| Ohio | Federal reimbursements for Medicaid and other human services programs are included in the general revenue fund. Beginning balances are undesignated, unreserved fund balances. The actual cash balances would be higher by the amount reserved for encumbrances and designated transfers from the general revenue fund. Expenditures for fiscal 2003 do not include encumbrances outstanding at the end of the year. Ohio reports expenditures based on disbursements for the general revenue fund. Expenditure adjustments reflect miscellaneous transfers-out of $15.8 million. These transfers-out are adjusted for an anticipated net change in encumbrances from fiscal 2002 levels of $-222.2 million. |
| Oregon | Oregon budgets biennially; expenditures are for the second year and represent 52 percent of the biennium. |
| Pennsylvania | Expenditure adjustments reflect a $300 million transfer to re-establish the budget stabilization (rainy day) fund and the projected year-end transfer (25 percent of ending balance) to the budget stabilization (rainy day) fund. |
| Rhode Island | The state securitized its 2004-2043 tobacco Master Settlement Agreement payments and budgeted $77.4 million in fiscal 2003 for operating expenses. |

**NOTES TO TABLE A-3** (continued)

| | |
|---|---|
| Tennessee | Revenue adjustments reflect new tax revenue required to fund the budget ($933.2 million).<br><br>Expenditure adjustments reflect transfers to the Transportation Equity Fund ($21 million), capital outlay projects fund ($27.9 million), dedicated revenue appropriations ($6.2 million), and transfer to Rainy Day Fund ($14.2 million).<br><br>The Rainy Day Fund Balance for fiscal 2003 is the budgeted estimate as enacted by the General Assembly. |
| Vermont | Revenue adjustments reflect $9.1 million in direct applications and transfers in, a $2.5 million increase in estimated property transfer tax revenue, and $0.3 million from the Campaign Finance Fund to the general fund. Expenditure adjustments reflect $6.4 million from the Transportation Fund and $9.2 million from the Tobacco Litigation Settlement Fund. |
| Washington | Revenue adjustments of $493.9 million represent transfers from other accounts to the General Fund. |
| Wisconsin | Revenues reflect the recent Department of Revenue fiscal 2003 general fund tax receipts estimate of $10,707.1 million, an increase of $191.6 million over the previous estimate of $10,515.5 million. Revenue adjustments include the Tobacco Settlement ($157.6 million). Expenditure adjustments included a transfer to the Tobacco Control Fund ($15.3 million) and Compensation Reserves ($79.8 million). |

TABLE A-4

## General Fund Nominal Percentage Expenditure Change, Fiscal 2002 and Fiscal 2003*

| *Region and State* | *Fiscal 2002* | *Fiscal 2003* |
|---|---|---|
| **NEW ENGLAND** | | |
| Connecticut | 4.6% | 1.4% |
| Maine | -2.3 | 4.9 |
| Massachusetts | 3.1 | -0.3 |
| New Hampshire | 9.8 | 2.9 |
| Rhode Island | 6.7 | 0.8 |
| Vermont | -1.0 | 0.8 |
| **MID-ATLANTIC** | | |
| Delaware | 1.0 | 2.4 |
| Maryland | 7.0 | -3.5 |
| New Jersey | 1.4 | 8.9 |
| New York . | 3.8 | -2.4 |
| Pennsylvania | 4.6 | -0.4 |
| **GREAT LAKES** | | |
| Illinois | -1.0 | 0.5 |
| Indiana** | 3.7 | 7.8 |
| Michigan | -5.7 | 0.2 |
| Ohio | 2.3 | 5.5 |
| Wisconsin | 1.6 | -2.9 |
| **PLAINS** | | |
| Iowa | -5.7 | -3.1 |
| Kansas | 0.8 | -0.5 |
| Minnesota | 2.8 | 6.1 |
| Missouri | -1.1 | 2.8 |
| Nebraska | 4.9 | 0.9 |
| North Dakota | -1.2 | 15.0 |
| South Dakota | 5.9 | 3.3 |
| **SOUTHEAST** | | |
| Alabama | 2.9 | 1.6 |
| Arkansas | -2.3 | 4.2 |
| Florida | --- | --- |
| Georgia | 0.6 | 4.5 |
| Kentucky | 0.6 | 2.7 |
| Louisiana | 4.1 | 1.5 |
| Mississippi | -2.1 | -0.7 |
| North Carolina | 2.2 | 4.4 |
| South Carolina | -6.5 | 5.2 |
| Tennessee | 7.6 | 4.0 |
| Virginia | -3.6 | 1.6 |
| West Virginia | 4.1 | 10.8 |
| **SOUTHWEST** | | |
| Arizona | -0.5 | -2.7 |
| New Mexico | 5.8 | -4.2 |
| Oklahoma | 4.1 | -5.6 |
| Texas | 5.4 | 1.1 |
| **ROCKY MOUNTAIN** | | |
| Colorado | 0.4 | -2.7 |
| Idaho | 8.3 | -1.6 |
| Montana** | 6.5 | -5.7 |
| Utah | -1.0 | -4.4 |
| Wyoming | -12.8 | 18.3 |
| **FAR WEST** | | |
| Alaska | 4.4 | -13.6 |
| California | -1.5 | -0.2 |
| Hawaii | 8.7 | 4.9 |
| Nevada | 2.8 | 6.9 |
| Oregon | -11.1 | 8.3 |
| Washington | 3.7 | 0.0 |
| **Average** | **1.3%** | **1.3%** |

**NOTES**: *Fiscal 2002 reflects changes from fiscal 2001 expenditures (actual) to fiscal 2002 expenditures (preliminary actual). Fiscal 2003 reflects changes from fiscal 2002 expenditures (preliminary actual) to fiscal 2003 expenditures (appropriated). ** See note to Table A-4.

**NOTE TO TABLE A-4**

| | |
|---|---|
| Indiana | Expenditure increases for 2003 include increases in K-12 education and local government transfer payments that replace local property taxes. Without this change, general fund expenditures would decrease by -1.6 percent. |
| Montana | General expenditures increase 2.8 percent in fiscal 2002, the 6.5 percent shown in the table reflects the net result of $50 million reduction in fire costs and $97 million increase to establish a system of local government entitlements. In establishing the local government entitlements the state retained vehicle, gambling, and other revenues previously distributed to local governments. |

TABLE A-5

## Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2002

| Region and State | Fees | Layoffs | Furloughs | Early Retirement | Across-the-Board Percentage Cuts | Reduce Local Aid | Programs Reorganized | Privatization | Rainy Day Fund | Other |
|---|---|---|---|---|---|---|---|---|---|---|
| **NEW ENGLAND** | | | | | | | | | | |
| Connecticut* | | | | | | | | | x | x |
| Maine* | | | | | | | | | x | x |
| Massachusetts | | x | x | x | | x | | | x | |
| New Hampshire* | | | | | x | | | | | x |
| Rhode Island* | x | | | | | | | | | x |
| Vermont* | | | | | x | | | | x | x |
| **MID-ATLANTIC** | | | | | | | | | | |
| Delaware* | | | | | x | | | | | x |
| Maryland* | | | | | x | | | | x | x |
| New Jersey* | | x | x | | x | | | | x | x |
| New York* | | | | | | | | | | x |
| Pennsylvania* | | | | | | | | | x | x |
| **GREAT LAKES** | | | | | | | | | | |
| Illinois* | | x | x | | x | | x | | | x |
| Indiana | x | | | | x | | | | x | |
| Michigan* | x | x | | x | x | x | x | | x | x |
| Ohio* | | x | | x | x | | | | x | x |
| Wisconsin* | | x | | | x | | | | | x |
| **PLAINS** | | | | | | | | | | |
| Iowa | | x | x | x | x | x | x | | x | |
| Kansas | | | | | | | | | | |
| Minnesota* | | x | | | x | x | x | | x | x |
| Missouri* | | | | | x | | | | | x |
| Nebraska* | | x | | | x | x | x | | x | x |
| North Dakota | | | | | | | | | | |
| South Dakota | | | | | | | | | x | |
| **SOUTHEAST** | | | | | | | | | | |
| Alabama* | | | | | | | | | | x |
| Arkansas* | x | x | | | x | | x | | | x |
| Florida | | | | | | | | | | |
| Georgia* | | | | | x | | x | | | x |
| Kentucky* | | | | | | | | | x | x |
| Louisiana | | | | | | | | | | |
| Mississippi* | | | | | x | | | | x | x |
| North Carolina | | x | | | x | | x | x | x | |
| South Carolina | | | | | x | | | | x | |
| Tennessee* | | | | | | | | | x | x |
| Virginia* | | | | | | | | | | x |
| West Virginia | | | | | | | | | | |
| **SOUTHWEST** | | | | | | | | | | |
| Arizona | | x | | | x | | x | x | x | |
| New Mexico | | | | | | | | | | |
| Oklahoma | | | x | | x | | | | x | |
| Texas | | | | | | | | | | |
| **ROCKY MOUNTAIN** | | | | | | | | | | |
| Colorado* | | | | | x | x | x | | | x |
| Idaho* | | x | x | x | x | | x | | x | x |
| Montana | | | | | | | | | | |
| Utah* | x | x | | | x | x | x | | x | x |
| Wyoming | | | | | | | | | | |
| **FAR WEST** | | | | | | | | | | |
| Alaska | | | | | | | | | | |
| California* | | | | | | | | | x | x |
| Hawaii | | | | | | | | | | |
| Nevada* | | | | | | | | | | x |
| Oregon* | | x | | | x | x | x | | x | x |
| Washington* | | | | | x | | | | x | x |
| Total | 5 | 15 | 6 | 5 | 26 | 8 | 13 | 2 | 26 | 31 |
| **TERRITORIES** | | | | | | | | | | |
| Puerto Rico | | | | | x | | x | | | x |

**NOTES**: *See Notes to Table A-5.

**SOURCE**: National Association of State Budget Officers.



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**NOTES TO TABLE A-5**

| | |
|---|---|
| Alabama | Revenue measures/tax increases passed during the fourth Legislative special session. |
| Arkansas | Funding is categorized in a Revenue Stabilization law. Funding reductions are applied on each agency's proportion of the funding category being reduced. Reductions are made as specified. |
| California | Expenditure reductions, General Fund costs shifted to other funds, loans, debt restructuring, and transfers. |
| Colorado | Hiring freeze, capital construction freeze, transfer of cash funds to the General Fund. |
| Connecticut | Allotment recisions, spend down of lapses, reallocation of last year's surplus, permanent and one-time revenue enhancements, raising taxes. |
| Delaware | Hiring review. |
| Georgia | Implement critical hiring process and require agencies to submit reduction plans of approximately 2.5 percent. |
| Idaho | Used the $184.8 million beginning General Fund balance and transferred $111.5 million from other funds. The Legislature also reduced appropriations by $64.1 million. Most budgets were cut 4 percent. Public schools were reduced by 2.5 percent. |
| Illinois | The Governor issued an Administrative Order that limited and restricted hiring, equipment and data processing purchases, and intra-agency transfers; and imposed Budget reserves of $388 million. |
| Kentucky | Kentucky addressed the fiscal 2002 budget shortfall through three budget reduction orders. These actions included targeted expenditure reductions, the transfer of excess, unbudgeted funds to the General Fund, and the use of the Commonwealth's Rainy Day Fund. |
| Maine | Statewide hiring freeze, targeted curtailments ranging from 2 percent to 4 percent. Lapsed balances including Personal Services (i.e. salaries, wages, benefits), All Other and Capital expenditures. Re-projections in programs such as Medicaid and Nursing Facilities. |
| Maryland | Hiring freeze, cigarette tax increase, fund transfers, cancellation and deferral of PAYGO projects. An additional $343 million was withdrawn from the budget, mainly cancelled or deferred capital projects. |
| Michigan | Use of prior year surplus; canceling prior year spending; reducing restricted fund spending and lapsing these revenues to the general fund; reducing general fund spending through an Executive Order; year-end lapses.<br><br>Governor Engler's proposed early retirement program was enacted into law, effective in fiscal 2002; however, the savings are expected in fiscal 2003 to help balance the budget.<br><br>Governor Engler issued Executive Order 2002-1, creating the Bureau of Workers' and Unemployment Compensation within the Department of Consumer and Industry Services. This is an example of how government services may be restructured to provide services more efficiently given the recent 2002 early retirement program. |
| Minnesota | Use cash flow account & part of other reserves, payment/collection shifts, one-time actions/balances from other funds. |
| Mississippi | Two percent holdback. Appropriations cannot exceed 98 percent of projected available funds. |
| Missouri | Substantial administrative reductions, eliminating funding for capital improvements projects, transferring tobacco settlement funds to the general revenue fund, substantial withholding of higher education funding |
| Nebraska | Expenditure reductions, funding shifts, loans, debt restructuring and transfers. |
| Nevada | Only one shots were cut in fiscal 2002. |
| New Hampshire | Hiring freeze and freeze out-of-state travel. |
| New Jersey | Trust fund balance diversions and lapse of unspent reserves. |
| New York | Used $714 million set aside for economic uncertainties; achieved $578 million in savings through budget cuts and administrative actions. |
| Ohio | The General Assembly passed legislation allowing the Director of the Office of Budget and Management to transfer funds from the Budget Stabilization Fund to the General Revenue Fund and transfer funds from the Tobacco Master Settlement Agreement Fund to the General Revenue Fund in the fiscal 2002-2003 biennium. The General Assembly also approved several revenue enhancements to fund the shortfall, including Ohio's participation in the multi-state lottery. |
| Oregon | The Oregon Legislature is currently in its fifth Special Session to address the budget shortfalls facing the state. The Legislature is exploring many options to balance the budget including raising income taxes, cigarette taxes, bonding, and reductions to programs. The Governor has informed agencies to begin across-the-board reductions in the amount of $482 million to balance the state budget unless an agreement is reached by the Legislature. |
| Pennsylvania | Reflects the implementation of a spending freeze in fiscal 2002 in the amount of $309.9 million. |
| Rhode Island | Securitization of Tobacco Settlement Proceeds of $135 million. |
| Tennessee | "Forced" lapses - Dedicated reserve balances which required legislation. |
| Utah | Bond for capital projects originally appropriated cash, transfer restricted fund balances to General Fund. |
| Vermont | Hiring freeze, reduce transfer from general fund to transportation fund, increase transfers to general fund from special funds, reduce one-time appropriations, increase general fund reversions. |

**NOTES TO TABLE A-5** (continued)

| | |
|---|---|
| Virginia | The Commonwealth's financial statements for fiscal 2002 show a positive fund balance of about $633 million. The revenue shortfall was covered using cash from surplus Lottery profits, $35.8 million; the fiscal 2002 voluntary pre-paid budget reductions, $52.4 million; other unspent operating balances, $70.6 million; and unspent appropriations from capital projects, $117.2 million, totaling $276.0 million. Most of the cash will be required for other uses. The impact of the revenue shortfall therefore has been deferred into fiscal 2003, when it must be dealt with. The fiscal 2003 effect of the revenue shortfall is estimated at $215.9 million. |
| Washington | Program cuts were made in the 2002 Legislative Session. |
| Wisconsin | Securitization of future Tobacco Settlement proceeds. |

**TABLE A-6**

## Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2003

| Region and State | Fees | Layoffs | Furloughs | Early Retirement | Across-the-Board Percentage Cuts | Reduce Local Aid | Programs Reorganized | Privatization | Rainy Day Fund | Other |
|---|---|---|---|---|---|---|---|---|---|---|
| **NEW ENGLAND** | | | | | | | | | | |
| Connecticut | | | | | x | x | | | | |
| Maine* | | | x | | | | | | x | x |
| Massachusetts | x | x | x | | | x | | | x | |
| New Hampshire | | | | | x | | | | | |
| Rhode Island* | x | | | | x | x | | | | x |
| Vermont* | | | | | x | | | | | x |
| **MID-ATLANTIC** | | | | | | | | | | |
| Delaware* | | | | | x | | | | | x |
| Maryland | | | | | | | | | x | x |
| New Jersey* | x | | | x | x | | x | | | x |
| New York | | | | | | | | | | |
| Pennsylvania | | | | | | | | | | |
| **GREAT LAKES** | | | | | | | | | | |
| Illinois* | | | | | | | | | | x |
| Indiana | x | | x | | x | | | | x | |
| Michigan* | | | | | | | | | | x |
| Ohio* | | x | | x | x | | | | x | x |
| Wisconsin* | x | x | | | x | x | | | | x |
| **PLAINS** | | | | | | | | | | |
| Iowa* | | x | x | x | | x | x | | x | x |
| Kansas* | | | | | | | | | | |
| Minnesota* | | x | | x | x | x | x | | x | x |
| Missouri | | | | | | | | | | |
| Nebraska | | x | | | x | x | x | | x | x |
| North Dakota* | | | | | | | | | | x |
| South Dakota | | | | | | | | | | |
| **SOUTHEAST** | | | | | | | | | | |
| Alabama | | | | | | | | | | |
| Arkansas* | | | | | | | | | | |
| Florida | | | | | | | | | | |
| Georgia* | | | | | | | | | | x |
| Kentucky | | | | | | | | | | |
| Louisiana* | | | | | | | | | | x |
| Mississippi* | | | | | | | | | | x |
| North Carolina | | x | | | x | x | x | x | x | |
| South Carolina | | | | | | | | | | |
| Tennessee | | | | | | | | | | |
| Virginia* | | | | | x | | | | | x |
| West Virginia | | | | | | | | | | |
| **SOUTHWEST** | | | | | | | | | | |
| Arizona | | x | | | x | | x | x | x | |
| New Mexico | | | | | | | | | | |
| Oklahoma* | | | | | x | | | | | x |
| Texas | | | | | | | | | | |
| **ROCKY MOUNTAIN** | | | | | | | | | | |
| Colorado* | | | x | | x | x | x | | | x |
| Idaho* | | x | x | x | x | | x | | x | x |
| Montana* | | | | | x | x | | | | x |
| Utah* | x | x | | | x | x | x | | | x |
| Wyoming | | | | | | | | | | |
| **FAR WEST** | | | | | | | | | | |
| Alaska | | | | | | | | | | |
| California | | | | | | | | | | |
| Hawaii* | | | | | x | | | | | x |
| Nevada* | | | | | x | | | | | |
| Oregon* | | | | | | | | | | |
| Washington* | | | | | x | x | | | x | x |
| Total | 6 | 10 | 6 | 5 | 22 | 12 | 9 | 2 | 12 | 25 |
| **TERRITORIES** | | | | | | | | | | |
| Puerto Rico | | | | | | | x | | x | x |

**NOTES:** *See Notes to Table A-6.

**SOURCE**: National Association of State Budget Officers.

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**NOTES TO TABLE A-6**

| | |
|---|---|
| Arkansas | Funding is categorized in a Revenue Stabilization law. Funding reductions necessary are applied on each agency's proportion of the funding category being reduced. Reductions are made as specified. |
| Colorado | Capital construction freeze, delay of provider rate increases, 4 percent restriction on Executive departments. Thus far, furloughs have occurred only in the Judicial branch. |
| Delaware | Hiring review. |
| Georgia | Require agencies to submit reduction plans of approximately 5 percent. |
| Hawaii | Transfer of savings from special funds. |
| Idaho | The Governor has imposed a 3.5 percent holdback that fully exempts Public Schools and Higher Education and partially exempts Medicaid. It will generate $22.3 million in savings. The Governor is also recommending transferring $143.0 million from dedicated funds to the General Fund. This is in addition to $54.2 million in one-time fund transfers already approved by the Legislature. |
| Illinois | Many of the above listed action, excluding fees and rainy day fund, were employed when the fiscal 2003 Budget was passed in June. Final fiscal 2003 appropriations were $1.1 billion less than fiscal 2002 appropriations. |
| Iowa | Delayed salary increases. |
| Kansas | The Governor has the authority to reduce appropriations to bring spending into balance with anticipated revenues. |
| Louisiana | A spending freeze during fiscal 2003 is under consideration. If revenues are forecasted to be lower than current estimates, then the freeze will be enacted as a budget reduction. |
| Maine | Statewide hiring freeze, targeted curtailments ranging from 2 percent to 4 percent. Used $52.5 million from the curtailment of Personal Services (i.e. salaries, wages, benefits), All Other and Capital expenditures, including lapsed balances. Initiated re-projections in programs such as TANF and debt service. Reduced General Purpose Aid of 1.4 percent in education.<br><br>Used savings from debt service restructuring and reduced interest rates. Leveraged additional federal dollars for social services, reducing General Fund appropriations by $49.3 million. Saved $47.9 million realized by permanently changing filing date for Business Equipment Tax Reimbursement. Transferred balances to the General Fund which include: $10.4 million from the Fund for Healthy Maine (Tobacco Settlement Payments), $10 million from the Operating Capital, $9.6 million from the Maine Learning Technology Endowment and $9.3 million from the Highway Fund. |
| Michigan | The following strategies are included in the enacted fiscal 2003 budget to address a projected revenue shortfall that existed prior to the enactment of budget bills; revenue and expenditures continue to be monitored: continuation of fiscal 2002 strategies; use of prior year surplus; full-year effect of Executive Order spending reductions; use of Medicaid Benefits Trust Fund; pausing job training grants; implementing a Quality Assurance Assessment program for select Medicaid providers. |
| Minnesota | Use cash flow account & part of other reserves, payment/collection shifts, one-time actions/balances from other funds. |
| Mississippi | Two percent holdback. Appropriations cannot exceed 98 percent of projected available funds. |
| Montana | Revenue reallocations, fund balance transfers, fund switches, hiring freeze, and appropriation reductions. |
| Nevada | Agencies can make 3 percent across-the board cuts in general fund with layoffs, furloughs, reorganization of programs, and/or other measures. |
| New Jersey | Tobacco Securitization; Corporate Business Tax Increase; Cigarette Tax Increase; Pharmaceutical waiver from Federal government; Longer Phase-out of Medicaid-Intergovernmental Transfer. |
| North Dakota | Where reductions are made will be determined by each individual agency. |
| Ohio | The General Assembly passed legislation allowing the Director of the Office of Budget and Management to transfer funds from the Budget Stabilization Fund to the General Revenue Fund and transfer funds from the Tobacco Master Settlement Agreement Fund to the General Revenue Fund in the fiscal 2002-2003 biennium. The General Assembly also approved several revenue enhancements to fund the shortfall. |
| Oklahoma | Agencies have discretion on how to handle the reduction in funding. |
| Oregon | The Oregon Legislature is currently in its fifth Special Session to address the budget shortfalls facing the state. The Legislature is exploring many options to balance the budget including raising income taxes, cigarette taxes, bonding, and reductions to programs. The Governor has informed agencies to begin across-the-board reductions in the amount of $482 million to balance the state budget unless an agreement is reached by the Legislature. |
| Rhode Island | Securitization of Tobacco Settlement Proceeds of $85 million. |
| Utah | Bond for capital projects originally appropriated cash, transfer restricted fund balances to General Fund. |
| Vermont | Increase transfer to general fund from various funds. |

**NOTES TO TABLE A-6** (continued)

| | |
|---|---|
| Virginia | Weaker economic growth projected for fiscal 2003 and 2004, combined with the fiscal 2002 shortfall produce a reduction in the general fund forecast of $1,283.7 million. Added together the shortfall for the biennium is estimated to be about $1.5 billion. This amount does not include required spending increases.<br><br>On August 19, 2002 the Governor asked agencies to submit by September 9, 2002 budget reduction plans for fiscal 2003 and 2004 of 7 percent, 11 percent and 15 percent. Targets to be announced on 10/15/02. In addition, a process for identifying targeted cuts in specific programs and spending streams will be established.<br><br>Reduction will be extended to some non-general fund agencies and programs, excluding federal funds and non-general funds used for highway maintenance and construction, and mass transit, tuition and fees and sponsored programs in the institutions of higher education.<br><br>Other specific actions included: implementation of monthly spending limits until budget reductions targets are finalized (quarterly for colleges and universities). No signing of construction contracts that obligate general funds. Withholding half of general fund maintenance reserve. Deferral of re-appropriation of unspent general fund balances from fiscal 2002. Continuation of hiring restrictions and the restricting the use of consultants. Postpone repayment of non-general fund interest retained in the 4th quarter of fiscal 2002. |
| Washington | Program cuts were made in the 2002 Legislative Session. |
| Wisconsin | Securitization of future Tobacco Settlement proceeds. |

TABLE A-7

## Number of Filled Full-Time Equivalent Positions at the End of Fiscal 2000 to Fiscal 2003, in All Funds**

| Region and State | Fiscal 2001 | Fiscal 2002 | Fiscal 2003 | Percent Change, 2001-2002 | Percent Change, 2002-2003 | Includes Higher Education Faculty | State-Administered Welfare System |
|---|---|---|---|---|---|---|---|
| **NEW ENGLAND** | | | | | | | |
| Connecticut* | 40,421 | 40,875 | 43,929 | 1.12% | N/A | | X |
| Maine | 14,550 | 14,724 | 14,603 | 1.20% | -0.82% | | X |
| Massachusetts | 72,213 | 69,216 | 69,216 | -4.15% | 0.00% | X | X |
| New Hampshire | 12,160 | 12,251 | 12,326 | 0.75% | 0.61% | | X |
| Rhode Island* | 15,547 | 15,630 | 15,825 | 0.53% | 1.25% | X | X |
| Vermont | 7,524 | 7,676 | 7,682 | 2.02% | 0.08% | | X |
| **MID-ATLANTIC** | | | | | | | |
| Delaware* | 27,865 | 28,139 | 28,407 | 0.98% | 0.95% | X | X |
| Maryland | 78,660 | 82,087 | 79,535 | 4.36% | -3.11% | X | X |
| New Jersey* | 73,479 | 74,675 | 71,396 | 1.63% | -4.39% | | X |
| New York* | 194,900 | 195,600 | 191,100 | 0.36% | -2.30% | X | |
| Pennsylvania* | 85,546 | 86,197 | 86,120 | 0.76% | -0.09% | | X |
| **GREAT LAKES** | | | | | | | |
| Illinois | 80,775 | 79,125 | 71,125 | -2.04% | -10.11% | | X |
| Indiana | 37,531 | 37,109 | 37,111 | -1.12% | 0.01% | | X |
| Michigan | 56,658 | 53,950 | 53,410 | -4.78% | -1.00% | | X |
| Ohio | 60,580 | 58,143 | 57,804 | -4.02% | -0.58% | | |
| Wisconsin* | 77,377 | 77,640 | 68,092 | 0.34% | -12.30% | X | |
| **PLAINS** | | | | | | | |
| Iowa | 23,891 | 21,625 | 21,625 | -9.48% | 0.00% | | X |
| Kansas | 40,277 | 40,730 | 40,808 | 1.12% | 0.19% | X | X |
| Minnesota | 34,404 | 33,777 | 34,565 | -1.82% | 2.33% | | |
| Missouri | 62,846 | 62,848 | 62,173 | 0.00% | -1.07% | | X |
| Nebraska | 16,083 | 16,319 | N/A | 1.47% | 0.00% | | X |
| North Dakota | 7,070 | 7,210 | 7,454 | 1.98% | 3.38% | | |
| South Dakota | 12,700 | 12,808 | 13,110 | 0.85% | 2.36% | X | |
| **SOUTHEAST** | | | | | | | |
| Alabama | 37,619 | 38,439 | 38,439 | 2.18% | 0.00% | | |
| Arkansas* | 29,542 | 29,778 | 35,577 | 0.80% | 19.47% | | |
| Florida | --- | --- | --- | --- | --- | | |
| Georgia* | 103,348 | 102,663 | 103,228 | -0.66% | 0.55% | X | X |
| Kentucky* | 36,683 | 36,945 | 35,800 | 0.71% | -3.10% | | |
| Louisiana* | 52,878 | 43,601 | 43,432 | -17.54% | -0.39% | | X |
| Mississippi* | 32,507 | 32,280 | 38,417 | -0.70% | 19.01% | | X |
| North Carolina | 285,199 | 287,093 | N/A | 0.66% | 0.00% | X | |
| South Carolina | 66,603 | 64,247 | 63,447 | -3.54% | -1.25% | X | X |
| Tennessee | 41,703 | 42,263 | 42,800 | 1.34% | 1.27% | | X |
| Virginia | 112,685 | 109,514 | 111,231 | -2.81% | 1.57% | X | |
| West Virginia* | 32,728 | 33,412 | 33,445 | 2.09% | 0.10% | X | X |
| **SOUTHWEST** | | | | | | | |
| Arizona | 39,851 | 39,452 | 37,995 | -1.00% | -3.69% | X | X |
| New Mexico | 20,370 | 20,389 | 20,400 | 0.09% | 0.05% | | X |
| Oklahoma | 36,832 | 37,489 | 37,100 | 1.78% | -1.04% | | X |
| Texas* | 217,809 | 229,627 | 229,950 | 5.43% | 0.14% | X | X |
| **ROCKY MOUNTAIN** | | | | | | | |
| Colorado | 28,938 | 27,420 | 28,447 | -5.25% | 3.75% | | |
| Idaho | 17,107 | 17,651 | 17,385 | 3.18% | -1.51% | X | X |
| Montana | NA | N/A | N/A | N/A | N/A | | X |
| Utah | 19,862 | 20,296 | 19,759 | 2.19% | -2.65% | | X |
| Wyoming | 6,170 | 6,170 | 6,230 | 0.00% | 0.97% | X | X |
| **FAR WEST** | | | | | | | |
| Alaska | 18,054 | 18,803 | 19,146 | 4.15% | 1.82% | X | X |
| California | 311,239 | 325,762 | 320,452 | 4.67% | -1.63% | X | X |
| Hawaii | 43,218 | 43,703 | 43,620 | 1.12% | -0.19% | X | X |
| Nevada* | 14,141 | 14,425 | 15,902 | 2.01% | 10.24% | | X |
| Oregon | 45,898 | 46,118 | 47,212 | 0.48% | 2.37% | X | X |
| Washington* | 102,043 | 103,816 | 101,201 | 1.74% | -2.52% | X | X |
| **Total** | **2,584,801** | **2,596,297** | **2,575,031** | **0.4%** | **-0.7%** | | |
| **TERRITORIES** | | | | | | | |
| Puerto Rico | 217,366 | 211,328 | 211,939 | -2.78% | 0.29% | | |

**NOTES**: N/A indicates data are not available. *See Notes to Table A-7. **Unless otherwise noted, fiscal 2001 reflects actual figures, fiscal 2002 reflects preliminary actuals and fiscal 2003 reflects appropriated figures.

**SOURCE**: National Association of State Budget Officers.

**NOTES TO TABLE A-7**

| | |
|---|---|
| Arkansas | The total number of positions in fiscal 2003 are authorized but are not anticipated to be filled. |
| Connecticut | The method to determine full-time positions in CT is different when reporting years that have been completed and years that haven't. The exercise counts actual filled positions where we can and the authorized level where we can't. The authorized level would include positions that would be vacant as well as filled. |
| Delaware | Total includes 697 Delaware Technical and Community College positions. |
| Kentucky | The figures for fiscal 2003 represent an estimate of the number of filled. The figures represent permanent full-time positions only. The figures for fiscal 2003 represent an estimate of the number of filled represent an estimate of the number of filled permanent full-time positions at June 30, 2003. The estimate is based upon recent historical trends in the number of budgeted positions filled at that point in the fiscal year. |
| Louisiana | A total of 8,823 filled positions were moved off-budget after fiscal 2001. Based on appropriated table of organization (T.O.) positions only. |
| Mississippi | Actual fiscal 2002 and preliminary actual fiscal 2003 are averages. |
| Nevada | Figures for fiscal 2001 and fiscal 2001 are January 1. Fiscal 2003 is legislatively authorized positions. If vacancies are at the historical average of 9.4 percent, 14,407 positions will be filled in fiscal 2003. With across the board budget cuts, that number will probably be lower. |
| New Jersey | Fiscal 2003 appropriated, pending future decisions concerning backfills for positions vacated by early retirements, this number of filled positions may rise. The welfare system is administered at the county level but the New Jersey Division of Family Development oversees and supervises it. |
| New York | State employees are counted as full-time equivalent employees funded from All Funds including part-time and temporary employees but excluding seasonal, legislative and judicial employees. |
| Pennsylvania | Figures reflect total authorized salaried positions on a full-time equivalent basis. |
| Rhode Island | Authorized FTE's in fiscal 2003 total 15,825, however, as of September only 15,533 are filled. |
| Texas | Preliminary actual fiscal 2002 represents appropriated FTE's only. |
| Wisconsin | Fiscal 2001 and fiscal 2002 position numbers represent the actual number of employees not the FTE amounts; fiscal 2003 appropriated amounts are in FTEs. |

**TABLE A-8**

## State Employment Compensation Changes, Fiscal 2003

| *Region/State* | *Across-the-Board* | *Merit* | *Other* | *Notes* |
|---|---|---|---|---|
| **NEW ENGLAND** | | | | |
| Connecticut | 3.0 | --- | --- | Step Increases are also included. |
| Maine | 3.0 | 5.0 | --- | Employees who reach their top step are not entitled to a merit increase, only an across-the-board increase. |
| New Hampshire | 2.0 | --- | --- | Total cost of health insurance plus 2 additional steps added. |
| Rhode Island | 4.5 | 2 | 6.5 | Steps and longevity provide the 2 percent in the other category. |
| Vermont | 3.0 | --- | 2.0 | Three percent COLA (cost of living adjustment). Also, per the state employee contract, about 56 percent of employees receive annual step increases worth in aggregate about 2 percent of statewide salary costs. |
| **MID-ATLANTIC** | | | | |
| Delaware | 2.0 | --- | --- | Employees received the greater of $600 or 2 percent of their base salary. |
| Maryland | --- | --- | --- | Legislature appropriated funds for a one-time bonus equal to half a step (1.2 percent) contingent on revenue availability. |
| New Jersey | 4.5 | 1.5 | --- | A 4.5 percent across-the-board increase was given to members of the Communications Workers of America (CWA), the largest state employees union. Union employees are also eligible for incremental step or anniversary increases ranging from 3.7 percent to 5 percent of salary, depending on the step in the range, for eight years in a given range, up to a maximum of that range. Because not all employees receive increments, the aggregate impact is 1.5 percent. |
| New York | 3.5 | --- | --- | There is a step increase within each pay grade until reaching a salary threshold. |
| Pennsylvania | 3.5 | --- | 2.2 | Most employees receive a 2.2 percent longevity (step) increment in January 2003. Employees in the last step of the pay scale receive a lump sum payment in lieu of the percentage increase. |
| **GREAT LAKES** | | | | |
| Illinois | --- | --- | --- | Non-union employees generally received $1,500 per year and a merit increase between zero and five percent while union employees received the greater of $100 per month or 3.75 percent and a step increase which on average is equal to 3.75 percent. |
| Ohio | 4.0 | * | 2.5 | About one-half of all employees will receive a step increase of 4 percent to 5 percent. Employees with five or more years of service will receive an additional 0.5 percent times the number of years in service, up to a maximum of 20 years. For merit, the state added a step to exempt pay ranges that is to be used for exemplary performance. However, very few agencies have implemented this step. |
| Wisconsin | --- | --- | --- | Two percent across-the-board awarded to non-represented employees. Fiscal 2002 and fiscal 2003 union contracts not yet finalized. |



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**TABLE A-8** (continued)

## State Employment Compensation Changes, Fiscal 2003

| *Region/State* | *Across-the-Board* | *Merit* | *Other* | *Notes* |
|---|---|---|---|---|
| **PLAINS** | | | | |
| Iowa | 3.0 | 4.0 | --- | The 3 percent across-the-board increase goes into effect for the largest union and noncontract employees on November 1, 2002. The merit increases are mandated for the largest union only, and go into effect February 1, 2003. |
| Kansas | --- | --- | --- | No employee pay plan was approved for fiscal 2003. |
| Minnesota | 3 | 0-3.5 | --- | Ninety percent of workforce receives a step increase at an average of 3.1 percent. |
| Missouri | --- | --- | --- | State employees did not receive a salary increase. |
| Nebraska | * | * | 2.5 | The across-the-board increase is based on salary grade. Higher salary grade employees received 1.5 percent on July 1 and lower salary grade employees received 2 percent. The merit, or performance-based increases, ranged from 0 to 4 percent. It applies to non-bargaining unit employees only. Bargaining unit employees would receive up to 2.5 percent step plan increase on January 1, 2003. |
| North Dakota | * | --- | --- | Agencies were provided an amount equal to 2 percent of the salary line item for pay increases. Thirty five dollars was mandated across-the-board and the remaining amount was to be distributed based on equity and performance. |
| South Dakota | 3.0 | --- | 2.5 | Other is 2.5 percent movement towards job worth. This is only applied to employees whose salary is below the determined job worth for their pay grade. |
| **SOUTHEAST** | | | | |
| Alabama | 3.0 | 5.0 | * | Merit raises are based on employee performance whether employee status in classification permits such raise & may range from 0 percent to 5 percent based on evaluation. Longevity pay ranges from $300 to $600 based on number of years of state service. |
| Arkansas | 2.6 | * | --- | Law allows up to an 8 percent bonus upon recommendation of supervisor/director. |
| Georgia | --- | 2.3 | --- | |
| Kentucky | 2.7 | --- | --- | |
| Louisiana | --- | 4.0 | --- | Classified employees receive an annual 4 percent merit increase, if warranted, until they reach their maximum salary level for their classification. Approximately 20 percent of the classified employees are at their maximum salary level. |
| Mississippi | --- | --- | 6.0 | Variable Compensation Plan - job class realignments. 1,882 classifications were realigned; this equates to 38,083 positions realigned (32,201 of which are filled PINs). The average realignment was $1,713.33. |
| North Carolina | --- | --- | 1.8 | Teachers and Principals are to receive an experience step salary increase of an average of 1.84 percent. Assistant Clerks, Magistrates and Deputy Clerks will receive funds to continue established statutory salary plans ($1,980,700). |
| Tennessee | 3.0 | --- | --- | Increase effective January 1, 2003. |
| West Virginia | * | --- | --- | Across-the-board increase of $804. Conservation Officers received various amounts due to a revised pay plan. Twenty year cap on annual increment was removed. Annual increment is paid once per year in a lump sum equal to $50 per year for each year of service after 3 years. |
| **SOUTHWEST** | | | | |
| New Mexico | --- | --- | --- | Due to fiscal constraints, there is no compensation package for fiscal 2003. |

**TABLE A-8** (continued)

## State Employment Compensation Changes, Fiscal 2003

| *Region/State* | *Across-the-Board* | *Merit* | *Other* | *Notes* |
|---|---|---|---|---|
| **ROCKY MOUNTAIN** | | | | |
| Colorado | 4.7 | 2.2 | --- | Across-the-board increase is weighted average of all occupational groups. Merit increase is an estimated annualized percent based on estimated base salaries for eligible positions. The State of Colorado just instituted a Performance Based Pay merit system requiring prorated awards for transition year fiscal 2003. |
| Idaho | --- | --- | --- | Due to budget constraints, no salary increase was funded for fiscal 2003. |
| Montana | 4.0 | --- | --- | The pay increase is effective on the anniversary date of each employee, November 1, is the average effective date. Employees who have reached the maximum in their pay grade will only receive a 3.4 percent increase. In addition state contribution to health insurance is increased $41/month. |
| Utah | --- | --- | 0.3 | Other is market comparability adjustments. The state also funded its share of health insurance premiums which increased 11.5 percent. |
| Wyoming | --- | --- | 7.9 | The 7.9 million represents funds appropriated for the state's health insurance plan, deferred compensation plan and longevity pay increases. |
| **FAR WEST** | | | | |
| Alaska | 3.0 | 3.0 | * | Cost-of-living increase covers classified and exempt Executive Branch employees with effective dates for some bargaining units being five months the fiscal year, most receive merit increases on their anniversary date. All receive a 10 percent increase in the state's contribution to health insurance premiums. |
| California | --- | * | * | Merit Salary Adjustment of 5 percent are available to employees performing successfully and within an established salary range. Once an employee reaches the maximum within an established salary range for a position, additional merit salary adjustments are not available. Other Special Salary Adjustments of between 3.7 percent and 5 percent were provided to a few classifications. |
| Hawaii | 5.0 | --- | --- | Across-the-board increase of 5 percent, upon satisfactory performance. The average is 5 percent with range from 3 percent to 9 percent. |
| Nevada | 4.0 | 2.5 | | About half our employees are eligible for merit step increases, which average 5 percent. |
| Oregon | * | 4.8 | --- | Across-the-board cost of living increases of 2 percent in January of 2002 and 3 percent in February of 2002. Upper management above salary range 38 will not receive the 3 percent increase in February. Employees receive merit increases each year up to a maximum step. |
| Washington | --- | --- | --- | The across-the-board salary increase for fiscal 2003 that was in the original 2001-2003 budget was eliminated by the 2002 Legislature as a means to reduce the overall budget. |

TABLE A-9

## Fiscal 2002 Tax Collections Compared with Projections Used in Adopting Fiscal 2002 Budgets (Millions)**

| Region and State | Sales Tax | | Personal Income Tax | | Corporate Income Tax | | Total Revenue Collection*** |
|---|---|---|---|---|---|---|---|
| | Original Estimate | Current Estimate | Original Estimate | Current Estimate | Original Estimate | Current Estimate | |
| **NEW ENGLAND** | | | | | | | |
| Connecticut | $3,194 | $2,998 | $4,841 | $4,266 | $501 | $381 | L |
| Maine | 860 | 841 | 1,212 | 1,176 | 118 | 90 | L |
| Massachusetts | 3,189 | 3,032 | 9,209 | 7,913 | 1,141 | 587 | L |
| New Hampshire | N/A | N/A | N/A | N/A | 276 | 250 | L |
| Rhode Island | 732 | 746 | 941 | 808 | 64 | 24 | H |
| Vermont | 230 | 215 | 456 | 403 | 49 | 26 | L |
| **MID-ATLANTIC** | | | | | | | |
| Delaware | N/A | N/A | 739 | 714 | 55 | 133 | H |
| Maryland | 2,776 | 2,642 | 5,233 | 4,772 | 341 | 273 | L |
| New Jersey | 6,137 | 5,971 | 8,545 | 6,771 | 1,921 | 1,134 | T |
| New York | 6,151 | 6,131 | 28,181 | 25,854 | 2,000 | 1,515 | L |
| Pennsylvania | 7,352 | 7,293 | 7,877 | 7,139 | 1,636 | 1,419 | L |
| **GREAT LAKES** | | | | | | | |
| Illinois | 6,400 | 6,052 | 8,350 | 7,471 | 1,055 | 803 | L |
| Indiana | 3,885 | 3,761 | 4,037 | 3,541 | 918 | 709 | L |
| Michigan* | 6,728 | 6,494 | 6,992 | 6,267 | 2,082 | 1,893 | L |
| Ohio | 6,243 | 6,038 | 8,215 | 7,304 | 1,007 | 712 | L |
| Wisconsin | 3,680 | 3,696 | 5,220 | 4,980 | 480 | 503 | L |
| **PLAINS** | | | | | | | |
| Iowa* | 1,500 | 1,453 | 2,565 | 2,372 | 323 | 239 | H |
| Kansas | 1,485 | 1,471 | 2,010 | 1,830 | 100 | 94 | L |
| Minnesota | 4,076 | 3,738 | 6,289 | 5,733 | 788 | 530 | L |
| Missouri | 1,878 | 1,761 | 4,218 | 3,754 | 270 | | L |
| Nebraska | 963 | 919 | 1,340 | 1,160 | 150 | 108 | L |
| North Dakota | 359 | 369 | 219 | 197 | 52 | 41 | L |
| South Dakota | 477 | 458 | N/A | N/A | N/A | N/A | L |
| **SOUTHEAST** | | | | | | | |
| Alabama | 1,316 | 1,311 | 2,118 | 2,064 | 152 | 165 | L |
| Arkansas | 1,743 | 1,682 | 1,624 | 1,512 | 221 | 163 | L |
| Florida | --- | --- | --- | --- | --- | --- | --- |
| Georgia | 4,920 | 4,819 | 7,625 | 7,051 | N/A | N/A | L |
| Kentucky | 2,547 | 2,300 | 2,997 | 2,703 | 327 | 207 | L |
| Louisiana | 2,460 | 2,336 | 1,781 | 1,766 | 463 | 416 | L |
| Mississippi | 1,461 | 1,409 | 1,141 | 994 | 293 | 254 | L |
| North Carolina | 3,969 | 3,706 | 8,179 | 7,135 | 586 | 409 | L |
| South Carolina | 2,178 | 2,027 | 2,354 | 1,920 | 177 | 111 | L |
| Tennessee | 4,786 | 4,644 | 205 | 145 | 1,150 | 900 | L |
| Virginia | 2,465 | 2,430 | 7,981 | 6,711 | 470 | 290 | L |
| West Virginia | 878 | 886 | 1,049 | 1,035 | 115 | 87 | H |
| **SOUTHWEST** | | | | | | | |
| Arizona | 3,217 | 3,000 | 2,553 | 2,113 | 538 | 353 | L |
| New Mexico | 1,283 | 1,275 | 1,027 | 1,022 | 200 | 142 | L |
| Oklahoma | 1,482 | 1,392 | 2,343 | 2,178 | 193 | 166 | L |
| Texas* | 15,030 | 15,030 | N/A | N/A | N/A | N/A | T |
| **ROCKY MOUNTAIN** | | | | | | | |
| Colorado | 1,901 | 1,759 | 4,314 | 3,345 | 320 | 178 | L |
| Idaho | 696 | 657 | 1,009 | 836 | 111 | 76 | L |
| Montana | N/A | N/A | 575 | 518 | 82 | 68 | L |
| Utah | 1,498 | 1,444 | 1,842 | 1,608 | 197 | 121 | L |
| Wyoming | 251 | 299 | N/A | N/A | N/A | N/A | H |
| **FAR WEST** | | | | | | | |
| Alaska | N/A | N/A | N/A | N/A | 200 | 160 | L |
| California | 21,949 | 21,541 | 42,144 | 33,860 | 5,938 | 5,658 | L |
| Hawaii | 1,727 | 1,063 | 1,224 | 1,071 | 81 | 46 | L |
| Nevada | 668 | 643 | N/A | N/A | N/A | N/A | L |
| Oregon | N/A | N/A | 4,420 | 3,678 | 409 | 195 | L |
| Washington | 5,733 | 5,911 | N/A | N/A | N/A | N/A | H |
| **Total** | **$152,449** | **$147,639** | **$215,195** | **$187,687** | **$27,550** | **$21,629** | - |
| **TERRITORIES** | | | | | | | |
| Puerto Rico | 591 | 555 | 2,749 | 2,464 | 1,660 | 1,735 | - |

**NOTES:** N/A indicates data are not available because, in most cases, these states do not have this type of tax.
*See Notes to Table A-9.
**Unless otherwise noted, original estimates reflect the figures used when the fiscal 2002 budget was adopted, and current estimates reflect preliminary actual tax collections.
***KEY: L=Revenues lower than estimates. H=Revenues higher than estimates. T=Revenues on target.

**SOURCE:** National Association of State Budget Officers.

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**NOTES TO TABLE A-9**

| | |
|---|---|
| Iowa | Fiscal 2002 actual revenues were higher than the final revenue estimate that was made in May 2002. |
| Michigan | The original fiscal 2002 budget has been modified and reflects the May 2002 consensus estimates, which are net of all enacted tax changes. Reporting of tax estimates represents total collections. Previous reports included only the general fund/general purpose portion of taxes, which did not fairly represent the status of tax collection efforts. Sales tax collections are for the Michigan sales tax only and do not include collections from Michigan use tax. Michigan does not have a corporate income tax. Estimates are for Michigan's single business tax. Fiscal 2002 revenues are coming in lower than the May 2002 consensus revenue estimates; final revenue figures will be released at the next regularly scheduled consensus revenue conference in January 2003. |
| Texas | Preliminary actual totals for fiscal 2002 tax collections are not available at this time because the state's fiscal year ends on August 31. |

TABLE A-10

## Fiscal 2002 Tax Collections Compared with Projections Used in Adopting Fiscal 2003 Budgets (Millions)**

| Region and State | Sales Tax | | Personal Income Tax | | Corporate Income Tax | |
|---|---|---|---|---|---|---|
| | Fiscal 2002 | Fiscal 2003 | Fiscal 2002 | Fiscal 2003 | Fiscal 2002 | Fiscal 2003 |
| **NEW ENGLAND** | | | | | | |
| Connecticut | $2,998 | $3,141 | $4,266 | $4,553 | $381 | $470 |
| Maine | 841 | 895 | 1,176 | 1,258 | 90 | 86 |
| Massachusetts | 3,032 | 3,079 | 7,913 | 8,646 | 587 | 636 |
| New Hampshire | N/A | N/A | N/A | N/A | 250 | 288 |
| Rhode Island | 746 | 778 | 808 | 826 | 24 | 46 |
| Vermont | 215 | 214 | 403 | 446 | 26 | 36 |
| **MID-ATLANTIC** | | | | | | |
| Delaware | N/A | N/A | 714 | 739 | 133 | 57 |
| Maryland | 2,642 | 2,731 | 4,772 | 5,059 | 273 | 302 |
| New Jersey | 5,971 | 6,172 | 6,771 | 7,298 | 1,134 | 1,882 |
| New York* | 6,131 | 6,356 | 25,854 | 23,342 | 1,515 | 1,728 |
| Pennsylvania | 7,293 | 7,532 | 7,139 | 7,396 | 1,419 | 1,598 |
| **GREAT LAKES** | | | | | | |
| Illinois | 6,052 | 6,430 | 7,471 | 7,840 | 803 | 830 |
| Indiana | 3,761 | 4,065 | 3,541 | 4,290 | 709 | 941 |
| Michigan* | 6,494 | 6,800 | 6,267 | 6,399 | 1,893 | 1,864 |
| Ohio* | 6,038 | 6,290 | 7,304 | 7,863 | 712 | 774 |
| Wisconsin | 3,696 | 3,830 | 4,980 | 5,315 | 503 | 531 |
| **PLAINS** | | | | | | |
| Iowa | 1,453 | 1,459 | 2,372 | 2,371 | 239 | 203 |
| Kansas | 1,471 | 1,659 | 1,830 | 2,079 | 94 | 1,335 |
| Minnesota | 3,738 | 3,869 | 5,733 | 6,049 | 530 | 628 |
| Missouri | 1,761 | 1,752 | 3,754 | 3,877 | | 265 |
| Nebraska* | 919 | 1,045 | 1,160 | 1,215 | 108 | 131 |
| North Dakota | 369 | 398 | 197 | 232 | 41 | 52 |
| South Dakota | 458 | 483 | N/A | N/A | N/A | N/A |
| **SOUTHEAST** | | | | | | |
| Alabama | 1,311 | 1,346 | 2,064 | 2,124 | 165 | 107 |
| Arkansas | 1,682 | 1,769 | 1,512 | 1,576 | 163 | 163 |
| Florida | --- | --- | --- | --- | --- | --- |
| Georgia | 4,819 | 4,844 | 7,051 | 7,668 | N/A | N/A |
| Kentucky | 2,300 | 2,380 | 2,703 | 2,930 | 207 | 284 |
| Louisiana | 2,336 | 2,393 | 1,766 | 1,969 | 416 | 428 |
| Mississippi | 1,409 | 1,437 | 994 | 1,141 | 254 | 261 |
| North Carolina | 3,706 | 4,174 | 7,135 | 7,326 | 409 | 669 |
| South Carolina | 2,027 | 2,168 | 1,920 | 2,307 | 111 | 168 |
| Tennessee | 4,644 | 4,768 | 145 | 152 | 900 | 890 |
| Virginia | 2,430 | 2,373 | 6,711 | 7,342 | 290 | 299 |
| West Virginia | 886 | 907 | 1,035 | 1,089 | 87 | 75 |
| **SOUTHWEST,** | | | | | | |
| Arizona | 3,000 | 3,082 | 2,113 | 2,326 | 353 | 400 |
| New Mexico | 1,275 | 1,300 | 1,022 | 1,041 | 142 | 155 |
| Oklahoma | 1,392 | 1,493 | 2,178 | 2,336 | 166 | 204 |
| Texas | 15,030 | 15,766 | N/A | N/A | N/A | N/A |
| **ROCKY MOUNTAIN** | | | | | | |
| Colorado | 1,759 | 1,896 | 3,345 | 4,008 | 178 | 192 |
| Idaho* | 657 | 673 | 836 | 891 | 76 | 82 |
| Montana | N/A | N/A | 518 | 593 | 68 | 83 |
| Utah | 1,444 | 1,466 | 1,608 | 1,677 | 121 | 109 |
| Wyoming | 299 | 292 | N/A | N/A | N/A | N/A |
| **FAR WEST** | | | | | | |
| Alaska | N/A | N/A | N/A | N/A | 160 | 190 |
| California | 21,541 | 22,958 | 33,860 | 37,626 | 5,658 | 7,327 |
| Hawaii | 1,063 | 1,755 | 1,071 | 1,199 | 46 | 71 |
| Nevada | 643 | 707 | N/A | N/A | N/A | N/A |
| Oregon | N/A | N/A | 3,678 | 4,465 | 195 | 242 |
| Washington | 5,911 | 5,994 | N/A | N/A | N/A | N/A |
| **Total** | **$147,639** | **$154,919** | **$187,687** | **$198,877** | **$21,469** | **$27,079** |
| **TERRITORIES** | | | | | | |
| Puerto Rico | 555 | 558 | 2,464 | 2,775 | 1,735 | 1,846 |

**NOTES:** N/A indicates data are not available since, in most cases, these states do not have this type of tax.
*See Note to Table A-10.
**Unless otherwise noted, fiscal 2002 figures reflect preliminary actual tax collection estimates as shown in Table A-9, and fiscal 2003 figures reflect the estimates used in inacted budgets.

**SOURCE:** National Association of State Budget Officers.

**NOTE TO TABLE A-10**

| | |
|---|---|
| Idaho | The fiscal 2003 estimates reflect the Division of Financial Management's August revised revenue forecast. The total General Fund revenue estimate is down $137.9 million from the projection used in adopting the fiscal 2003 budget. |
| Michigan | The fiscal 2003 executive budget has been modified and reflects the May 2002 consensus estimates, which are net of all enacted tax changes. Tax estimates are for the general fund/general purpose portion of taxes only. Sales tax collections are for the Michigan sales tax only and do not include collections from Michigan use tax. Michigan does not have a corporate income tax. Estimates are for Michigan's single business tax. |
| Nebraska | Fiscal 2003 figures are based on the fiscal 2003 budget as amended during the August 2002 special session. |
| New York | The steady decline in the equity markets over the last several months substantially increases the risk of revenue losses in excess of those forecast to date. However, it is too early to predict with confidence the impact of current market stress on 2002-2003 receipts. |
| Ohio | Fiscal 2003 figures reflect revised revenue estimates made after two budget correction bills were approved by the General Assembly. |

TABLE A-11

## Enacted Revenue Changes by Type of Revenue, Fiscal 2003

| State | Tax Change Description | Effective Date | Fiscal 2003 Revenue Changes ($ in Millions) |
|---|---|---|---|
| | **SALES TAXES** | | |
| Connecticut | Defers the phase-down of the exemption for computer/data processing services. | 7/02 | 10 |
| | Creates additional revenue due to a change in the cigarette tax. | 7/02 | 7.3 |
| Indiana | Reflects a rate increase. | 12/02 | 394.3 |
| Kansas | Increases the statewide rate from 4.9 percent to 5.15 percent. | 7/02 | 155.5 |
| Louisiana | Creates various exemptions including one-tenth of 1 percent from food and utilities. | 7/02 | -20.3 |
| Massachusetts | Exempts aircraft and aircraft parts. | 3/02 | -6 |
| Minnesota | Reflects interstate phone service. | 7/02 | 6.5 |
| | Exempts Twins Stadium materials. | 5/02 | -1.6 |
| | Exempts certain bakery products. | 7/02 | -6.4 |
| | Reflects installation charges by third parties. | 7/02 | 3.2 |
| | Reflects meals at colleges and universities. | 7/02 | 2.3 |
| | Exempts certain construction materials. | 7/02 | -1.2 |
| Missouri | Reduces state expenditures related to tax refunds and overpayments by eliminating the requirement that the state pay interest on sales tax refunds if paid within 120 days. | 7/02 | 6 |
| Nebraska | Increases the rate (one year only) and permanently expands the base. | 10/02 | 84.6 |
| New Jersey | Extends urban enterprise zones. | 1/02 | -36 |
| New York | Provides sales tax exemptions in Resurgence/Liberty zones. | 4/02 | -10.1 |
| | Increases tax rate on tobacco products. | 7/02 | 14.2 |
| North Dakota | Eliminates the sales tax on used farm machinery. | 7/02 | -4.8 |
| Ohio | Reflects change to calculate and collect payment of sales and use tax for leases on motor vehicles, watercraft, outboard motors, aircraft and certain business equipment at the time sales are consummated. Previously the sales and use tax was paid with each installment of the lease and collected during the life of the lease. | 1/02 | 185.1 |
| Pennsylvania | Reflects increase in the cigarette tax. | 7/02 | 14.5 |
| Rhode Island | Reflects increased sales tax collections as a result of the increase in the cigarette tax. | 5/02 | 1.8 |
| Tennessee | Increases the sales tax rate from 6 percent to 7 percent, excluding food. | 7/02 | 600.4 |
| | Increases the single article cap from $1,600 to $3,200 and taxes the increase at 2.75 percent. | 7/02 | 38.6 |
| | Imposes the sales tax on vending machine sales. | 7/02 | 16.7 |
| West Virginia | Creates a three day sales tax holiday on items costing less than $100 (clothing, school supplies & school computer accessories). | 8/02 | -1.5 |
| | Creates an exemption for purchases directly used in research and development activities. | 7/02 | -1.4 |
| Wisconsin | Reflect Internal Revenue Code conformity. | 1/2002 | -14.8 |
| **Total Revenue Changes—Sales Taxes** | | | **$1,436.9** |

TABLE A-11 (continued)

## Enacted Revenue Changes by Type of Revenue, Fiscal 2003

| State | Tax Change Description | Effective Date | Fiscal 2003 Revenue Changes ($ in Millions) |
|---|---|---|---|
| | **PERSONAL INCOME TAXES** | | |
| Connecticut | Defers the increase in the singles exemption for two years. | 1/02 | 12.0 |
| Hawaii | Reflects a $1 exemption. | 5/02 | -1.0 |
| Idaho | Reflects federal conformity. | 1/02 | -3.1 |
| Indiana | Reflects an increase in the earned income tax credit. | 1/03 | 9.1 |
| Kansas | Reflects an earned income tax credit and food sales tax rebate. | 7/02 | -15.7 |
| Louisiana | Increases the excess itemized deductions allowed. | 7/02 | -13.6 |
| Massachusetts | Delays rolling back the basic income tax from 5.3 percent to 5 percent. | 1/03 | 205.0 |
| | Suspends the deduction for charitable contributions. | 1/02 | 180.0 |
| | Restores the tax on long term capital gains. | 5/02 | 301.0 |
| | Decreases personal exemptions by 25 percent. | 1/02 | 360.0 |
| | Reflects the low income housing credit. | 1/02 | -4.0 |
| | Reflects federal pension conformity. | 1/02 | -7.0 |
| Minnesota | Reflects federal conformity. | 7/02 | -1.6 |
| Missouri | Reduces state expenditures related to tax credits by eliminating the requirement that the state pay interest on tax credit refunds, and decouples the state income tax from federal accelerated depreciation for fiscal 2003 only. | 7/02 | 12.0 |
| Montana | Extends the qualified endowment tax credit. | | -5.2 |
| | Reflects farm and ranch risk management accounts. | | -0.7 |
| | Reflects credits for alternative energy and electrical generation. | | -0.7 |
| New York | Provides tax relief to victims of terrorist attacks. | 4/02 | -25.0 |
| Ohio | Extends the Ohio income tax to those trusts described in Subchapter J of the IRS and generally filing Federal Form 1041 beginning in fiscal 2002 and ending in fiscal 2005. | 7/02 | 88.0 |
| | Alters the definition of business income for personal income purposes. | 7/02 | 15.0 |
| | Changes the taxation of Qualified Subchapter S Subidiaries to attribute direct ownership in certain subsidiaries to the parent corporation, as well as attributing the subsidiaries' tax items (income, deductions, gains, losses, etc.) to the parent corporation. The provision applies to a corporation's taxable years ending on or after June 5, 2002. | 7/02 | 5.0 |
| Pennsylvania | Expands tax forgiveness by increasing the income limit. | 1/02 | -12.4 |
| Rhode Island | Lowers the state income tax rate from 25.5 percent to 25 percent of federal taxable income. | 1/02 | -10.3 |
| West Virginia | Adopts the 30 percent bonus depreciation provision and other definitions of the Job Creation and Worker Assistance Act of 2002. | 9/01 | -9 |
| Wisconsin | Reflects Internal Revenue Code conformity. | 1/02 | -4.6 |
| **Total Revenue Changes—Personal Income Taxes** | | | **$1,073.2** |

**TABLE A-11** (continued)

## Enacted Revenue Changes by Type of Revenue, Fiscal 2003

| *State* | *Tax Change Description* | *Effective Date* | *Fiscal 2003 Revenue Changes ($ in Millions)* |
|---|---|---|---|
| | **CORPORATE INCOME TAXES** | | |
| Connecticut | Institutes a $250 minimun tax on limited liability corporations, limited liability partnerships, and S corporations. | 1/2002 | 28.0 |
| | Limits corporation tax credits from reducing tax liability by more than 70 percent. | 1/2002 | 30.0 |
| Indiana | Reflects various changes. | 1/03 | -42.9 |
| Kansas | Increases the rate of income tax credit on timely payment of property taxes from 15 percent to 20 percent. | 7/02 | -2.0 |
| Louisiana | Reflects credits for historic structures, certfied capital companies (CAPCO), and low income developments. | 7/02 | -5.6 |
| Michigan | Increases the gross receipts threshold and provides a credit against the single business tax for the Next Energy program. The decrease reflects changes to the Single Business Tax. Michigan does not have a corporate income tax. | 1/03 | -14.6 |
| Minnesota | Reflects federal conformity. | 7/02 | 3.3 |
| Missouri | Reduces state expenditures related to tax credits by eliminating the requirement that the state pay interest on tax credit refunds, and decouples the state corporate income tax from federal accelerated depreciation for fiscal 2003 only. | 7/02 | 21.0 |
| Montana | Extends the qualified endowment credit. | | -0.3 |
| New Jersey | Makes revisions to the corporate business tax. | 1/02 | 836.0 |
| | Creates an investment tax credit for electric and thermal energy production. | 1/02 | -10.0 |
| | Creates a neighborhood revitalization state tax credit. | 7/02 | -10.0 |
| | Creates a credit for equipment used in the treatment of effluent for reuse in an industrial process. | 7/02 | -5.0 |
| New York | Increases the low income housing tax credit. | 4/02 | -2.2 |
| North Carolina | Closes the loophole on "business income." | 1/02 | 70.0 |
| Ohio | Amends the taxing structure of dealers in the intangibles tax and tightens the requirements for certan financial institution subsidiaries to be eligible to be taxed as a dealer in intangibles. The Dealers in Intangibles Tax is currently imposed on businesses (excluding financial institutions and insurance companies) that engage in lending money and in buying and selling or discounting mortgages, stocks and bonds. | 7/02 | 41.0 |
| | Modifies the corporation franchise and personal income tax computation to defer the Ohio tax benefits resulting from the accelerated depreciation deduction permitted by recent changes in federal tax law â Instead of the entire benefit being claimed immediately, it is spread out over six years.â | 7/02 | 175.0 |
| Oklahoma | Recaptures 80 percent of bonus depreciation. | 7/02 | 22.3 |
| Tennessee | Increases the rate from 6 percent to 6.5 percent and decouples from the federal tax. | 7/02 | 127.4 |
| West Virginia | Adopts the 30 percent bonus depreciation provision and other definitions of the Job Creation and Worker Assistance Act of 2002. | 9/01 | -26 |
| **Total Revenue Changes—Corporate Income Taxes** | | | **$1,235.4** |

TABLE A-11 (continued)

## Enacted Revenue Changes by Type of Revenue, Fiscal 2003

| State | Tax Change Description | Effective Date | Fiscal 2003 Revenue Changes ($ in Millions) |
|---|---|---|---|
| | **CIGARETTE AND TOBACCO TAXES** | | |
| Connecticut | Increases the cigarette tax from $.61 to $1.11 per pack. | 4/02 | 122.0 |
| Hawaii | Increases the tax from 5 cents to 6 cents per cigarette. | 10/02 | 7.0 |
| Illinois | Increases the per pack of 20 from from 58 cents to 98. | 7/02 | 235 |
| Indiana | Increases rates. | 7/02 | 270.9 |
| Kansas | Increases the tax per pack by $.46. | 7/02 | 81.6 |
| Louisiana | Creates taxes dedicated to specific expenditures. | 7/02 | 27.4 |
| Maryland | Increaes the tax from $0.66 to $1.00 per pack. | 6/02 | 101 |
| Massachusetts | Raises the cigarette tax from 76 cents to $1.51 per pack, with similar increases for other tobacco products. | 7/02 | 195 |
| Michigan | Increases the tax per pack by 50 cents. | 8/02 | 291.7 |
| Nebraska | Increases the cigarette tax by 30 cents per pack (two years only). | 10/02 | 22.8 |
| New Jersey | Reflects a $.70 per pack increase. | 7/02 | 275 |
| New York | Increases the cigarette excise tax from $1.11 to $1.50 per pack. | 4/02 | 282.8 |
| Ohio | Increases the tax on cigarettes from $0.012 per cigarette or $0.24 per pack of 20 cigarettes to $0.0275 per cigarette or $0.55 per pack of 20 cigarettes. | 7/02 | 283.2 |
| | Reduces the discount to wholesale dealers of cigarettes from 3.6 percent to 1.8 percent of their tax liability for affixing and canceling stamps or meter impressions on cigarette packs. | 1/02 | 5.1 |
| Oregon | Sends a 60 cents per pack cigarette tax increase to a voter referndum. | 11/02 | 100.0 |
| Pennsylvania | Increases the tax from $0.31 to $1.00 per pack. | 7/02 | 570.5 |
| Rhode Island | Increases the tax per pack from $1 to $1.32. | 5/02 | 23.5 |
| Tennessee | Increases the tax by 7 cents per pack. | 7/02 | 35.8 |
| Utah | Increases the tax per 20 pack from 51.5 cents to 69.5 cents | 5/02 | 13.8 |
| Vermont | Increases the tax per pack by 49 cents. | 7/02 | 21.6 |
| **Total Revenue Changes—Cigarette and Tobacco Taxes** | | | **$2,965.7** |
| | **ALCOHOLIC BEVERAGES** | | |
| New York | Increases liscense fees to account for inflation. | 8/20 | 8.0 |
| Tennessee | Increases the alcoholic beverages tax by 10 percent. | 7/02 | 4.6 |
| **Total Revenue Changes—Alcoholic Beverages** | | | **$12.6** |
| | **MOTOR FUELS TAXES** | | |
| Connecticut | Increases the diesel tax from 18 cents to 26 cents per gallon. | 8/02 | $23.5 |
| | Reflects floor tax revenue. | 8/02 | 2 |
| Rhode Island | Increases the gasoline tax from 28 cents per gallon to 30 cents per gallon. | 7/02 | 9.4 |
| **Total Revenue Changes—Motor Fuel Taxes** | | | **$34.9** |

**TABLE A-11** (continued)

## Enacted Revenue Changes by Type of Revenue, Fiscal 2003

| *State* | *Tax Change Description* | *Effective Date* | *Fiscal 2003 Revenue Changes ($ in Millions)* |
|---|---|---|---|
| | **OTHER TAXES** | | |
| Connecticut | Convert HMO tax credit to an appropriation. | 1/02 | 15.6 |
| | Deters the phas-down of the gift tax for two years. | 1/02 | 2.6 |
| Illinois | Increases wagering and admission taxes on riverboats. | 7/02 | 135.0 |
| Indiana | Increases gaming taxes. | 7/02 | 371.0 |
| Kansas | Reimposes the Class C inheritance tax. | 5/02 | 15.0 |
| Louisiana | Reflects severance and dedication of excise license taxes. | 7/02 | -18.7 |
| Michigan | Creates a one mill reduction in the statewide education property tax for fiscal 2003 only. | 7/02 | -266.0 |
| | Creates an iron ore tax credit. | 1/02 | -1.4 |
| | Creates a broadband initiative reserve capital account. | 11/02 | -4.8 |
| Minnesota | Reflects interest on deferred income tax reciprocity payments. | 12/02 | 5.5 |
| | Reflects increased compliance for all taxes. | 7/02 | 7.6 |
| | Reflects nursing facility/intergovernmental MA (Medical Assistance) surcharges. | 8/02 | 23.6 |
| Missouri | Enacts a new tax on pharmacies. | 7/02 | 31.5 |
| Montana | Reflects electrical generation property tax incentives. | | -0.3 |
| New Jersey | Makes changes to the phase-out schedule of the transitional energy facility assessment. | 1/02 | 226.0 |
| North Carolina | Equalizes the franchise tax on Limited Liability Corporations (LLCs). | 1/02 | 20.0 |
| Pennsylvania | Continues phase-out of the capital stock tax at modified rate. | 1/02 | -45.5 |
| Rhode Island | Increases the realty transfer tax from $1.40 per $500 of value to $2 per $500 of value with the 60 cent difference going to the state's general fund. | 7/02 | 5.4 |
| Tennessee | Increases local business taxes by 50 percent with the state retaining the increase. | 7/02 | 73.3 |
| | Increases the professional privilege tax to $400 excluding state employees from tax. | 7/02 | 24.9 |
| | Makes commercial vehicle registration fee changes. | 10/02 | 8.1 |
| | Creates a coin operated amusement tax. | 9/02 | 3.4 |
| Vermont | Reflects the nursing home providers tax. | 7/02 | 1.3 |
| Washington | Creates a use tax on shipping. | 7/02 | 27.2 |
| West Virginia | Repeals the 5 percent gross receipts tax on community care providers. | 3/02 | -1.5 |
| **Total Revenue Changes—Other Taxes** | | | **$658.8** |

TABLE A-11 (continued)

## Enacted Revenue Changes by Type of Revenue, Fiscal 2003

| State | Tax Change Description | Effective Date | Fiscal 2003 Revenue Changes ($ in Millions) |
|---|---|---|---|
| | **FEES** | | |
| Connecticut | Caps the dollar amount of research and development credit exchange. | 1/01 | $13.0 |
| Iowa | Increases filing fees for civil cases filed in the court system. | 7/02 | 3.1 |
| Kansas | Doubles all corporate franchise fees. | 5/02 | 18.0 |
| Minnesota | Reflects Department of Corrections-Red Wing recovery. | 7/02 | -3.9 |
| | Reflects court filing fees. | 7/02 | 1.9 |
| | Increases the 911 service fee by 6 cents. | 7/02 | 4.2 |
| Missouri | Increases billboard fees, drivers license test fees, and motor vehicle transaction fees. | 8/02 | 2 |
| New Jersey | Reflects driver's license registration restoration. | 7/02 | 12.4 |
| | Reflects operating record abstracts. | 7/02 | 27.8 |
| | Reflects commercial truck registrations. | 7/02 | 9.4 |
| | Reflects boat registrations. | 7/02 | 2.5 |
| | Reflects air pollution fees. | 7/02 | 10.2 |
| | Reflects solid/hazardous waste fees. | 7/02 | 4.0 |
| | Reflects land use regulation. | 7/02 | 1.3 |
| | Reflects environmental infrastructure financing. | 7/02 | 1.0 |
| | Reflects miscellaneous environmental protection fees. | 7/02 | 1.5 |
| | Reflects commercial recording fees. | 7/02 | 7.1 |
| | Reflects agricultural chemistry fees. | 7/02 | 0.3 |
| | Reflects HMO oversight. | 7/02 | 2.5 |
| New York | Increases various processing and registration fees on agricultural licenses. | 4/02 | 1.9 |
| | Reimposes assessments on medical facilities providers. | 4/02 | 266.6 |
| | Increases fees on bond issuance. | 4/02 | 115.0 |
| | Imposes a surcharge on hazardous waste generation fees. | 4/02 | 18.4 |
| | Increases pesticide fees. | 4/02 | 2.3 |
| | Increases hunting and fishing license fees. | 10/02 | 5.9 |
| | Increases snowmobile development and maintenance fees. | 8/02 | 1.4 |
| | Increases the supplemental surcharge on wireless services. | 8/02 | 37.6 |
| | Increases various county clerk fees. | 7/02 | 22.5 |
| North Carolina | Retreats miscellaneous fee increases. | 10/02 | 39.6 |
| Pennsylvania | Increases the waste disposal tipping fee. | 7/02 | 42 |
| Rhode Island | Renews the hospital licensing fee and increases the fee from 4.25 percent of net patient revenues to 4.35 percent of the same. In addition, the base year on which the rate will be imposed was shifted from 1999 to 2000. | 7/02 | 62.3 |
| | Increases the monthly fee on both wireless and wireline phones for the E-911 system from 47 cents to $1 per month. | 7/02 | 7.5 |
| | Increases the water surcharge fee by $0.0033 per 100 gallons. | 7/02 | 1.1 |
| | Increases a wide variety of traffic fines and penalties and permits the use of credit cards in the payment of these fines. | 7/02 | 7.6 |
| Utah | Reflects increased fees for the Department of Commerce, Department of Insurance, Labor Commission, courts, Department of Environmental Quality, Department Agriculture and Department of Natural Resources. | 7/02 | 6.2 |
| | Reflects tuition increase for higher education. | 7/02 | 45.2 |
| Vermont | Increases most Department of Motor Vehicles fees. | 7/02 | 10 |
| Wisconsin | Increases court filing fees. | 7/02 | 8.1 |
| **Total Revenue Changes—Fees** | | | **$819.5** |

**NOTE**: N/A indicates data are not available.

**SOURCE**: National Association of State Budget Officers.



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TABLE A-12

## Enacted Revenue Measures, Fiscal 2003

| State | Description | Effective Date | Enacted Changes (Millions) |
|---|---|---|---|
| Alaska | Reflects a tax rate increase on all sales of wine, malt, hard or distilled alcoholic beverages from an average of 3 cents to 4 cents per drink to 10 cents per drink. | 10/02 | $14.3 |
| California | Reflects waivers of penalties and interest. | 1/03 | 20.0 |
| | Reflects withholding in stock options and bonuses. | 1/03 | 400.0 |
| | Reflects a two-year net operating loss (NOL) suspension related to personal income taxes. | 1/03 | 240.0 |
| | Reflects a one-year suspension of the teachers tax credit. | 1/03 | 170.0 |
| | Reflects various other revenue measures related to personal income taxes. | 1/03 | 74.0 |
| | Reflects a two-year net operating loss (NOL) suspension related to corporate income taxes. | 1/03 | 960.0 |
| | Reflects federal conformity regarding bad debt and banks. | 1/03 | 285.0 |
| | Reflects withholding for real estate sales. | 1/03 | 225.0 |
| | Reflects penalties and interest. | 1/03 | 100.0 |
| | Reflects various other revenue measures related to corporate income taxes. | 1/03 | 172.0 |
| | Reduces the interest rate on overpayments. | 1/03 | 3.0 |
| Connecticut | Reflects sales tax amnesty. | 9/02 | 10.0 |
| | Reflects personal income tax amnesty. | 9/02 | 6.0 |
| | Reflects corporate income tax amnesty. | 9/02 | 6.0 |
| | Escheats certain unclaimed property to the state. | | 35.0 |
| | Reflects various minor fund transfers. | | 6.0 |
| | Targets funds from a number of other sources to the general fund, including from the shares available from the demutualization of Anthem-Blue Cross; from a number of quasi-public agencies; from the Tobacco and Health Trust Fund; and from the Biomedical Research Fund. | | 294.1 |
| Georgia | Reflects the state property tax homestead exemption. | 7/02 | -353.0 |
| Kentucky | Reflects a tax amnesty program during August and September 2002. | 8/02 | 20.4 |
| | Reflects an increase in court fees. | 8/02 | 10.2 |
| Illinois | Decouples the corporate income tax from the federal depreciation allowance for the 2001 tax year. | | 240.0 |
| Maine | Reflects individual income tax conformity with federal tax reductions and partial conformity with the federal bonus depreciation and repeal of the net operating loss carry-back. | | -11.8 |
| | Reflects corporate income tax conformity with federal tax reductions and partial conformity with bonus depreciation provisions and repeal of the net operating loss carry-back. | | -13.3 |
| | Reflects extension of the real estate transfer tax to controlling interests, conformity with federal reductions in the estate tax and a delay in a 1/10 percent increase in municipal revenue sharing. | | -1.5 |
| Maryland | Decouples from federal personal income tax college tuition deduction. | 1/02 | 13.0 |
| | Decouples from federal corporate income tax special depreciation allowance and extended net operating loss period. | 1/02 | 100.0 |
| | Partly decouples from the federal estate tax. | 1/02 | 20.0 |
| Massachusetts | Reflects a tax amnesty program. | 10/02 | 43.0 |
| Michigan | Moves the collection date of all statewide education property taxes from December to July. | 7/02 | 727.8 |
| Minnesota | Reflects the June acceleration. | 6/02 | 1.0 |
| Mississippi | Reflects accelerated collection of sales taxes. | 6/03 | |
| | Reflects accelerated collection of withholding taxes. | 6/03 | |
| | Reflects accelerated collection of insurance premium taxes. | 6/03 | |

TABLE A-12 (continued)

## Enacted Revenue Measures, Fiscal 2003

| State | Description | Effective Date | Enacted Changes (Millions) |
|---|---|---|---|
| Missouri | Reflects sales tax amnesty. | 7/02 | 10.0 |
| | Reflects personal income tax amnesty. | 7/02 | 4.0 |
| | Reflects corporate income tax amnesty. | 7/02 | 4.0 |
| | Reflects other tax amnesty programs. | 7/02 | 2.0 |
| | Accelerates the transfer of unclaimed properties from governmental entities to the State's Abandoned Fund. | 12/02 | 10.0 |
| Montana* | Accelerates payments of metal mines taxes. | | 1.8 |
| New Jersey | Accelerates due date of third quarter estimated corporate income tax payments. | 1/02 | 150.0 |
| | Reflects tobacco securitization. | 7/02 | 1,075.0 |
| Nebraska | Holds the state harmless from the federal depreciation change regarding personal income taxes. | 7/02 | 10.2 |
| | Holds the state harmless from the federal depreciation change regarding corporate income taxes. | 7/02 | 23.8 |
| New Mexico | Reflects GRT deduction for receipts from software design and website development, for businesses located outside cities over 50,000 in population according to the 2000 census. | 7/02 | -1.0 |
| | Reflects a film production credit for personal income taxes. | 7/02 | -1.6 |
| | Reflects a film production credit for corporate income taxes. | 7/02 | -1.8 |
| | Reflects tax credits for renewable energy and copper. | 7/02 | -1.0 |
| New York | Increases sales tax collections due to the extension of electronic funds transfers. | 4/02 | 32.5 |
| | Makes changes in the pre-paid cigarette index. | 4/02 | 5.8 |
| | Reflects lower cigarette sales tax collections resulting from increases in the cigarette excise tax. | 4/02 | -4.5 |
| | Reflects increases in tobacco taxes. | 4/02 | 2.0 |
| | Increases personal income tax collections due to the extension of electronic funds transfers. | 4/02 | 25.0 |
| | Reflects new technology applied to personal income tax collection. | 4/02 | 130.0 |
| | Reflects acceleration of the first installment payment of corporate income taxes. | 4/02 | 100.0 |
| | Reflects extension of alcoholic beverages enforcement provisions. | 4/02 | 1.0 |
| | Reflects an amnesty program. | 4/02 | 192.0 |
| North Carolina | Reflects delays in tax reductions. | 1/02 | 51.7 |
| | Repeals the local tax reimbursement for elimination of the intangibles tax. | 7/02 | 129.0 |
| | Repeals the local tax reimbursement for elimination of the inventory tax, loss of sales tax on food stamp purchases, and reduction in property taxes from the homestead exemption. | 7/02 | 204.4 |
| Oklahoma | Reflects amnesty collections from sales taxes. | 8/02 | 5.4 |
| | Reflects amnesty collections from personal income taxes. | 8/02 | 5.8 |
| | Reflects amnesty collections from corporate income taxes plus a change in payment date. | 8/02 | 18.8 |
| | Reflects amnesty collections from other taxes. | 8/02 | 2.7 |

TABLE A-12 (continued)

## Enacted Revenue Measures, Fiscal 2003

| State | Description | Effective Date | Enacted Changes (Millions) |
|---|---|---|---|
| Pennsylvania | Reflects accelerated sales tax remittance from the Liquor Control Board. | 7/02 | 4.0 |
| | Reflects accelerated alcoholic beverages tax remittance from Liquor Control Board. | 7/02 | 12.3 |
| | Decouples state taxes from federal bonus depreciation. | 7/02 | 350.1 |
| | Reflects transfers from and suspension of transfers to special funds. | 7/02 | 267.7 |
| | Makes revisions to the calculation of the gross receipts tax rate. | 7/02 | 36.7 |
| | Decouples state taxes from the federal estate tax. | 7/02 | 9.6 |
| | Suspends one-half of credits available under the Job Creation Tax Credit. | 7/02 | 10.0 |
| | Reflects tax enforcement. | 7/02 | 36.0 |
| | Reduces the dormancy period on unclaimed property. | 7/02 | 197.6 |
| Rhode Island | Reverses the projected impact of the bonus depreciation contained in the Federal Job Creation and Worker Assistance Act for S corporation filers. | 1/02 | 10.7 |
| | Reverses the projected impact of the bonus depreciation contained in the Federal Job Creation and Worker Assistance Act for C corporation filers. | 1/02 | 21.1 |
| | Expands the formulary for the elderly pharmacy assistance program, increasing the rebate dollars received from drug manufacturers. | 7/02 | 1.7 |
| | Shortens the time frame in which hospitals can appeal hospital settlement payments for services provided. | 7/02 | 5.0 |
| **Total** | | | $6,951.4 |

**NOTES**: *See Notes to Table A-12.

**SOURCE**: National Association of State Budget Officers.

## NOTES TO TABLE A-12

| | |
|---|---|
| Montana | Montana has biennial sessions in odd years. Most actions relative to fiscal 2003 were enacted in the 2001 session, however the acceleration of the metal mines tax was enacted in a 2002 special session. |

TABLE A-13

## Total Balances and Balances as a Percentage of Expenditures, Fiscal 2001 to Fiscal 2003*

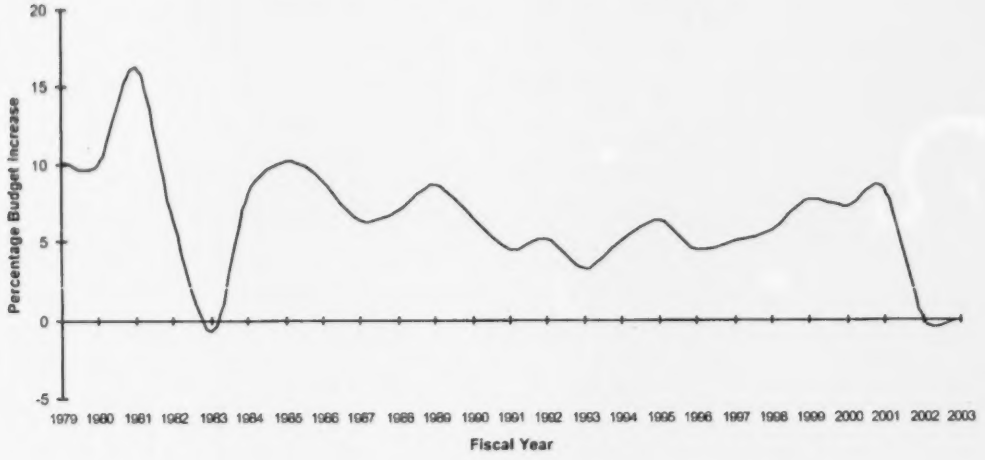
| | Total Balances (Millions)** | | | Balances as a Percentage of Expenditures | | |
|---|---|---|---|---|---|---|
| *Region and State* | *Fiscal 2001* | *Fiscal 2002* | *Fiscal 2003* | *Fiscal 2001* | *Fiscal 2002* | *Fiscal 2003* |
| **NEW ENGLAND** | | | | | | |
| Connecticut*** | $ 595 | $ 0 | $ 0 | 5.0% | 0.0% | 0.0% |
| Maine | 183 | 34 | -229 | 6.9 | 1.3 | -8.4 |
| Massachusetts | 3,011 | 1,217 | 468 | 13.6 | 5.3 | 2.1 |
| New Hampshire | 55 | 32 | -6 | 5.2 | 2.7 | -0.5 |
| Rhode Island | 211 | 114 | 102 | 8.5 | 4.3 | 3.8 |
| Vermont | 47 | 14 | 18 | 5.3 | 1.5 | 2.0 |
| **MID-ATLANTIC** | | | | | | |
| Delaware | 510 | 482 | 335 | 21.0 | 19.6 | 13.3 |
| Maryland | 1,426 | 857 | 390 | 13.9 | 7.8 | 3.7 |
| New Jersey | 2,010 | 100 | 110 | 9.7 | 0.5 | 0.5 |
| New York | 1,098 | 1,032 | 716 | 2.8 | 2.5 | 1.8 |
| Pennsylvania | 1,462 | 143 | 318 | 7.4 | 0.7 | 1.5 |
| **GREAT LAKES** | | | | | | |
| Illinois | 1,351 | 482 | 501 | 5.5 | 2.0 | 2.1 |
| Indiana | 545 | 269 | 354 | 5.9 | 2.8 | 3.4 |
| Michigan | 1,022 | 376 | 69 | 10.5 | 4.1 | 0.7 |
| Ohio | 1,217 | 536 | 138 | 5.8 | 2.5 | 0.6 |
| Wisconsin | 208 | 53 | 145 | 1.9 | 0.5 | 1.3 |
| **PLAINS** | | | | | | |
| Iowa | 405 | 232 | 142 | 8.3 | 5.0 | 3.2 |
| Kansas | 366 | 12 | 83 | 8.3 | 0.3 | 1.9 |
| Minnesota | 1,574 | 873 | 318 | 12.4 | 6.7 | 2.3 |
| Missouri | 260 | 315 | 231 | 3.4 | 4.1 | 2.9 |
| Nebraska | 406 | 166 | 93 | 16.4 | 6.4 | 3.6 |
| North Dakota | 102 | 68 | 0 | 12.4 | 8.4 | 0.0 |
| South Dakota | 111 | 109 | 79 | 13.8 | 12.9 | 9.0 |
| **SOUTHEAST** | | | | | | |
| Alabama | 74 | 286 | 261 | 1.4 | 5.3 | 4.8 |
| Arkansas | 0 | 0 | 0 | 0.0 | 0.0 | 0.0 |
| Florida | --- | --- | --- | --- | --- | --- |
| Georgia | 2,602 | ,1226 | 1462 | 16.9 | 7.9 | 9.0 |
| Kentucky | 240 | 24 | 58 | 3.4 | 0.3 | 0.8 |
| Louisiana | 270 | 260 | 261 | 4.3 | 4.0 | 3.9 |
| Mississippi | 208 | 107 | 203 | 5.7 | 3.0 | 5.8 |
| North Carolina | 158 | 25 | 0 | 1.2 | 0.2 | 0.0 |
| South Carolina | 134 | 50 | 147 | 2.4 | 1.0 | 2.7 |
| Tennessee | 209 | 85 | 99 | 3.0 | 1.1 | 1.3 |
| Virginia | 716 | 600 | 498 | 5.7 | 5.0 | 4.1 |
| West Virginia | 241 | 254 | 62 | 8.9 | 9.0 | 2.0 |
| **SOUTHWEST** | | | | | | |
| Arizona | 387 | 48 | 526 | 6.1 | 0.8 | 8.5 |
| New Mexico | 449 | 343 | 328 | 11.7 | 8.5 | 8.4 |
| Oklahoma | 630 | 147 | 63 | 13.1 | 2.9 | 1.3 |
| Texas | 4,190 | 2,337 | 1,008 | 14.4 | 7.6 | 3.3 |
| **ROCKY MOUNTAIN** | | | | | | |
| Colorado | 470 | 165 | 116 | 7.0 | 2.5 | 1.8 |
| Idaho | 238 | 54 | 2 | 13.0 | 2.7 | 0.1 |
| Montana | 173 | 82 | 30 | 13.6 | 6.0 | 2.4 |
| Utah | 133 | 10 | 10 | 3.5 | 0.3 | 0.3 |
| Wyoming | 5 | 10 | 5 | 0.7 | 1.6 | 0.7 |
| **FAR WEST** | | | | | | |
| Alaska | 2,995 | 2,483 | 1,940 | 131.7 | 104.6 | 94.6 |
| California | 3,037 | 72 | 2,509 | 3.9 | 0.1 | 3.3 |
| Hawaii | 370 | 184 | 73 | 11.0 | 5.0 | 1.9 |
| Nevada | 262 | 226 | 133 | 14.3 | 12.0 | 6.6 |
| Oregon | 363 | 24 | 0 | 6.9 | 0.5 | 0.0 |
| Washington | 1,061 | 495 | 401 | 9.8 | 4.4 | 3.6 |
| **Total** | **$37,784** | **$17,080** | **$14,451** | **7.8%** | **3.5%** | **2.9%** |
| **TERRITORIES** | | | | | | |
| Puerto Rico | 542 | 27 | 189 | 7.3 | 0.4 | 2.4 |

**NOTES:** N/A indicates data are not available.
*Fiscal 2001 are actual figures, fiscal 2002 are preliminary actual figures, and fiscal 2003 are appropriated figures.
**Total balances include both the ending balance and balances in budget stabilization funds.

**SOURCE**: National Association of State Budget Officers.

FIGURE 1

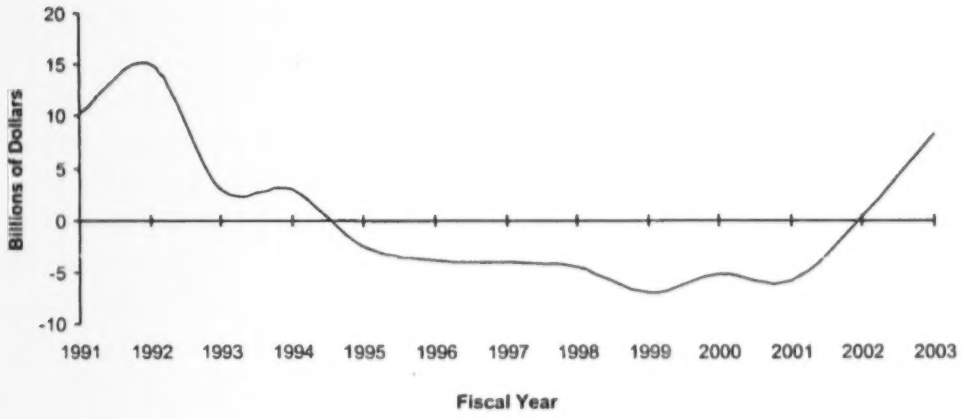
**Annual Percentage Budget Increases, Fiscal 1979 to Fiscal 2003**




SOURCE: National Association of State Budget Officers.

Figure 2

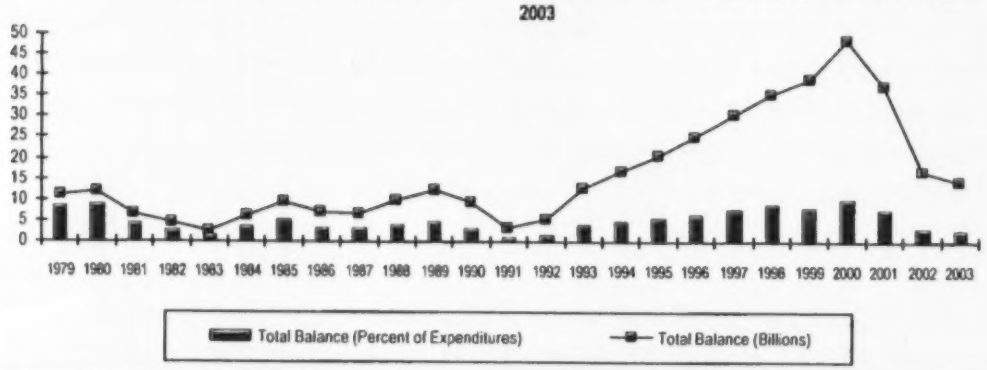
**Enacted State Revenue Changes, Fiscal 1991 to Fiscal 2003**




**SOURCE:** National Association of State Budget Officers.

FIGURE 3

Total Year-End Balances and Total Year-End Balances as a Percentage of Expenditures, Fiscal 1979 to Fiscal 2003




SOURCE: National Association of State Budget Officers.

FIGURE 4

Total Year-End Balances as a Percentage of Expenditures, Fiscal 2002

SOURCE: National Association of State Budget Officers.

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